

Exchange Service

Army and Air Force Exchange Service Operating Policies

Headquarters
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Unclassified

SUMMARY of CHANGE

AR 60-20/AFR 147-14

Army and Air Force Exchange Service Operating Policies

The revision--

- o Updates policy governing AAFES Imprest Fund Activities as well as support to field exercises and contingency operations (chap 2).
- o Provides guidance in extending guest privileges at motion picture theaters, gives specific procedures for providing agent assistance to eligible authorized patrons, and details requirements for patron identification (chap 2).
- o Amends pricing guidance; and expands policy concerning layaway procedures, credit sales, trade-in procedures, and deferred payments (chap 3).
- o Updates AAFES procurement policies as well as fiscal management guidance and procedures (chap 3).
- o Provides guidance for the operation of the packaged beverage stores (chap 4).
- o Details instructions for establishment of motion picture service and incorporates video-cassette service within the scope of AAFES theater operations (chap 5).
- o Expands the list of authorized AAFES exchange activities and services (app B).
- o Expands items authorized for sale in CONUS (app C).

Effective 15 January 1993

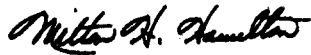
Exchange Service

Army and Air Force Exchange Service Operating Policies

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History. This UPDATE printing publishes a revision of this publication. Because the publication has been extensively revised, the changed portions have not been highlighted.

Summary. The regulation implements new provisions of Department of Defense Directive 1330.9 (Armed Service Exchange Regulations) and prescribes comprehensive operating policies for providing exchange services to Army and Air Force activities worldwide.

Applicability. This regulation applies to the Active Army, the Army National Guard, and the U.S. Army Reserve. It also applies to Air Force Exchange Services nonappropriated fund instrumentalities and to Reserve Components. The resale provisions in this regulation apply to all NAFIs authorized worldwide by the Departments of the Army and Air Force (DA and DAF).

Proponent and exception authority. The proponent of this joint regulation is the Deputy Chief of Staff for Personnel (DCSPER). The DCSPER has the authority to approve exceptions to this regulation that are consistent with the controlling law and regulation. The DCSPER may delegate this authority in writing to the head of an office under his or her supervision or to a division

chief within the proponent office who holds the grade of colonel or the civilian equivalent. The approval authority will coordinate all questions regarding the scope of authority to approve exceptions with AAFES General Counsel.

Army management control process. This regulation is subject to the requirements of AR 11-2. It contains internal control provisions but does not contain checklists for conducting internal control reviews. These checklists are contained in Exchange Service Manual 75-1.

Committee Continuance Approval. The DA Committee Management Officer concurs in the continuance of the Board of Directors, Army and Air Force Exchange Service, which was established by AR 15-110/AFR 20-38 on 1 January 1956.

Supplementation. For Army users, supplementation of this regulation is prohibited without prior approval from the Deputy Chief of Staff of Personnel. For Air Force users, supplementation of this regulation is prohibited without prior approval from HQ AFMWRSA/MWH, Randolph AFB TX 78150-7000.

Interim changes. Interim changes to this

regulation are not official unless they are authenticated by the Administrative Assistant to the Secretary of the Army (for Army users) or the Director of Administration of the Air Force (for Air Force users). Users will destroy interim changes on their expiration dates unless sooner superseded or rescinded.

Suggested Improvements. The proponent of this joint regulation is the Deputy Chief of Staff for Personnel. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to the Chairman, Board of Directors, Army and Air Force Exchange Service, WASH DC 20330-6520.

Distribution. Distribution of this publication is made in accordance with the requirements on DA Form 12-09-E, block number 3591, intended for command levels A, B, C, and D for the Active Army, the Army National Guard, and the U.S. Army Reserve. Air Force distribution is command level F.

*This regulation supersedes AR 60-20/AFR 147-14, 1 August 1984.

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RESERVED

Chapter 1 Introduction

1-1. Purpose

This regulation, along with other AR 60/AFR 147 series regulations, sets forth the operating policies of the Army and Air Force Exchange Service (AAFES) for exchange and motion picture activities. It supplements the general policies in AR 60-10/AFR 147-7. These provisions apply worldwide except where indicated otherwise. If inconsistencies exist between the AR 60/AFR 147 series and other regulations of the Army and Air Force governing nonappropriated fund activities, the AR 60/AFR 147 series will prevail pending resolution by the appropriate department.

1-2. References

Required and related publications and prescribed and referenced forms are listed in appendix A.

1-3. Explanation of abbreviations and terms

Abbreviations and special terms used in this regulation are explained in the glossary.

1-4. Responsibilities

a. As the proponent, the Deputy Chief of Staff for Personnel(DCSPER) will act as the executive agent for policy interpretation and as coordinator between the Army and the Air Force on publication of this regulation. The DCSPER has delegated this authority to the Commander, Community Family Support Center.

b. The Commander, AAFES, will prescribe and publish operating instructions and procedures implementing the operating policies in this regulation. Copies of these operating instructions and procedures will be furnished to installation commanders and commanders of major commands on request.

c. Authority vested in the Commander, AAFES, by this regulation may be delegated. Delegations will be in writing or published in AAFES publications.

1-5. Facilities and equipment

Adequate facilities for AAFES activities will be provided and maintained by military commanders. Buildings will be available from existing structures or through construction as provided in AR 60-31/AFR 147-26. Exchange and motion picture operating equipment normally will be provided and maintained from AAFES funds, except equipment and supplies required at free admission theaters.

1-6. Freedom of Information Act requests

a. This paragraph provides procedures to implement the Freedom of Information Act (FOIA), section 552, title 5, United States code(5 USC 552), and Department of Defense Regulation (DOD) 5400.7-R, DOD Freedom of Information Act Program. Requests for copies of identifiable AAFES records should be made in writing. These requests will be granted unless they involve categories of information that are exempt from the requirements of disclosure by 5 USC 552(b). The initial denial authority (IDA) should approve release of exempt AAFES records or any segregable portion of such records under conditions prescribed by DOD 5400.7-R (see paragraph below). The fact that a record may reveal or suggest inefficiency will not be a basis for withholding it from the public. Records will not be created to satisfy a request under the FOIA.

b. Requests for copies of records under the FOIA should be addressed to the releasing office designated below. Requests should be clearly and prominently identified as requests for records under the FOIA to ensure a quick response. If a request is submitted by mail, or otherwise in an envelope or other cover, it should be clearly and prominently identified as such on the envelope or other cover (e.g., FOIA). The designated releasing office will date stamp each request upon receipt.

(1) The director acts on all such requests by—

- (a) Returning them for correction or clarification.
- (b) Releasing the requested records.
- (c) Referring the requests as stated in paragraph below.

(2) Requests for AAFES records under the responsibility of AAFES, Europe, must be directed to the Commander, AAFES, Europe ATTN: Chief, Public Affairs Office, APO AE 09245-0003.

(3) Requests for records under the responsibility of AAFES, Pacific, must be directed to the Commander AAFES, Pacific ATTN:Chief, Public Affairs Division, 919 Ala Moana Honolulu, HI 96814-4999.

(4) All other requests for AAFES records must be directed to the Commander Army and Air Force Exchange Service ATTN: Chief, Public Affairs Division, PO Box 660202, Dallas, TX 75266-0202.

c. A request for copies of any AAFES record will be deemed to have been received under the FOIA only when such request—

(1) Indicates, in writing, expressly or implicitly that records are being requested under the FOIA.

(2) Is received by the appropriate releasing office designated in *above*.

(3) Describes the requested records in such a manner that they can be identified.

(4) Has been agreed to be paid in advance by the requester as well as all fees assessed incidental to processing his or her request, as described in *below*.

d. The releasing office will determine assessable fees for search, review, and copying of AAFES records per the schedule of fees set forth in DOD 5400.7-R, chapter VI.

e. Any person may examine or copy releasable AAFES records during the normal operating hours of the releasing office. The requester will contact such office in advance to arrange for a time to examine any such records.

f. The releasing office will determine if it will release the requested AAFES record no later than 10 working days following receipt of such requests as defined in *above*. In the unusual circumstances defined by the FOIA, the time for issuing an initial determination may be extended for a period not to exceed an additional 10 working days by written notice to the requester. This notice must be sent within the initial 10-day response period. It will specify the reason for the extension and the date on which a determination is expected to be dispatched. This extension of the time limit may be invoked only on approval of the responsible IDA. The IDA will determine if an extension should be granted based on the circumstances prescribed in AR 25-55, to include coordinating with the appellate authority, (when the Commander, AAFES, is an Army officer) or AFR 12-30 (when the Commander, AAFES, is an Air Force Officer), and will coordinate with the appellate authority before granting an extension.

g. The servicing AAFES General Counsel (HQ AAFES or HQ AAFES-EUROPE) will be the IDA for any requests pertaining to AAFES records. The releasing office will promptly submit to the IDA requests for AAFES records that are exempt from the requirement for disclosure with recommendations concerning the release of such records. The IDA will reply to such requests within 10 working days and will do one of the following:

(1) Notify the requester, in writing, of the denial.

(2) Direct the release of the record, in whole or in part, and provide written notification to the requester. The letter of total or partial denial will specify the following:

(a) The basis for denial as prescribed in DOD 5400.7-R.

(b) The name and title or position of the persons responsible for denial.

(c) The right to, and the procedures for, appeal.

(d) The name and address of the appropriate appellate authority.

h. If a request for records under the FOIA is denied by the IDA, the requester may submit a written appeal to the Secretary of the Army, (ATTN: Office of the General Counsel), The Pentagon, Washington, DC 20310-0104 when the Commander, AAFES, is an Army officer. If the Commander, AAFES, is an Air Force officer, the appeal will be submitted to the Secretary of the Air Force (ATTN:Office of the General Counsel), The Pentagon, Washington, DC 20330-1000.

i. If the requester submits a FOIA appeal, copies of the request and denial will be forwarded by the IDA to the appropriate appellate authority. The IDA should be able to provide all pertinent material

to the appellate authority within 48 hours, and will help this authority during the processing of any appeal.

j. Any AAFES person who receives a verbal request under the FOIA for any AAFES record will advise the requester to address a written request above, to the appropriate releasing office (see paracabove). A written request will be referred by the most expeditious means to the appropriate releasing office. The requester will be promptly advised in writing of this referral. The releasing office will acknowledge the request and the initial determination concerning the release of the AAFES records will be made within 10 days from receipt of the request. Requests for records of another Government agency will be referred immediately to the appropriate releasing office of that agency.

k. The Commander, AAFES, will set up implementing procedures to ensure that each request under the FOIA receives priority treatment during its processing. Training programs for AAFES personnel on the requirements of the FOIA, as implemented by DOD 5400.7-R, will be established. These programs will be comparable to educational programs on security classification requirements.

l. The servicing AAFES General Counsel should be contacted on matters of interpretation. The servicing AAFES General Counsel should also be contacted upon receipt of any request for information or records that could adversely affect or reflect upon AAFES, any AAFES supplier, or the Federal Government.

m. The IDA will submit feeder information annually to the Secretary of the Army per AR 25-55 for any period of the year during which the Commander, AAFES, is an Army officer, and to the Secretary of the Air Force per AFR 12-30 for any period of the year during which the Commander, AAFES, is an Air Force officer.

Chapter 2 Activities and Patronage

Section I Activities

2-1. Authorized activities

a. *Exchanges in CONUS.* An exchange in CONUS may consist of, or include, the activities and services listed in appendix B, and the items authorized for sale listed in appendix C. Activities, services and items other than those listed in appendixes B and C may not be established in CONUS exchanges unless approved by the Secretary of the Department concerned. Each request for an exception will be initiated and personally signed by the installation commander and submitted through command channels to the department concerned. General criteria for evaluation of the request are at appendix D. Exceptions approved by the Secretary of the Department concerned will be reviewed for revalidation according to paragraph 3-3 and reported to the Assistant Secretary of Defense (Force Management and Personnel) specifying the exceptions and justifications.

b. *Exchanges offshore and overseas.* Exchanges offshore and overseas may consist of, or include, those activities necessary for the welfare, comfort, and morale of authorized personnel as determined by the Commander, AAFES, in coordination with the local Army or Air Force commander.

c. *Army and Air Force worldwide motion picture operations.* Worldwide motion picture operations entail the exhibiting of entertainment motion pictures booked by AAFES. The buildings in which the films are exhibited are known as entertainment motion picture theaters only when being used to exhibit entertainment motion pictures at an admission price.

2-2. Special AAFES support arrangements

a. *AAFES Imprest Fund Activity (AIFA).* At locations where it is impractical to provide service through regular exchange outlets, service may be provided through an AIFA. AAFES will provide the unit to be served with inventory and change funds, equipment and

fixtures. The commander of the unit to be served appoints a commissioned or warrant officer or a senior noncommissioned officer to supervise the AIFA; designates that individual as accountable for AAFES assets loaned to the AIFA; and furnishes all other administrative and logistic support necessary to operate the AIFA.

(1) As operational circumstances dictate, the AIFA will be operated by military personnel assigned as a primary duty, or by off-duty military personnel, or by civilians paid by AAFES. Operating procedures will be published by the Commander, AAFES.

(2) When an AIFA is converted to a direct AAFES operation, appropriated fund transportation may continue when military vehicles or aircraft, or both, are the only means of transport due to isolation or on a space-available basis in other circumstances when there are no cost increases to appropriated funds.

b. *Mobile and vending exchange service.* When it is impractical to provide service through an AIFA, service may be provided by mobile service or vending machines.

c. *Group representation.* When it is impractical to provide service through an AIFA or mobile service or vending machines, exchange support will be provided through group representation at the nearest exchange. Group representation may be accomplished by sending a representative of several exchange patrons to the nearest exchange outlet where purchases for the group may be made. Mail-order arrangements may also be established. All such sales will be on a cash basis.

d. *Exercise and contingency support.* In order to provide basic essential exchange support to military personnel engaged in a contingency operation or field exercise where regular AAFES operations are not possible, a tactical field exchange (TFE) may be established. Operating procedures will be published by the Commander, AAFES. Conditions permitting, exercises or contingencies may also be supported with an AAFES direct operation (fixed or mobile) or an AIFA, at the discretion of AAFES. Exchange operations may require administrative and logistical support from the supported command. The requirement for exchange support, as well as any administrative or logistical support to the exchange, should be set forth as specific task assignments in contingency operations plans or field exercise directives.

e. *National Guard and Reserve (NG&R) exchange support.* Army National Guard, Air National Guard, Army Reserve, Air Force Reserve, and Reserve Officer Training Corps units normally will receive exchange support during their annual field training period through existing exchange outlets. If outlets are not available, any of the preceding support arrangements outlined in this paragraph may be used. However, requirements to establish permanent exchange outlets at Reserve Component facilities (National Guard Armories; Reserve Training Centers) not located at active Army and Air Force installations will be per paragraph 2-3.

f. *Motion picture service for Reserve Components.* Motion picture service may be provided units of the Army National Guard, Air National Guard, Army Reserve, Air Force Reserve, and Reserve Officers' Training Corps of the Army and the Air Force when ordered into active military service for training purposes or when participating in field training under the provisions of section 503, title 32 United States Code (32 USC 503).

(1) Units trained on active Federal installations where a theater is in operation may patronize existing theater facilities. When conditions warrant, additional theaters will be opened. The appropriate Army or Air Force major commander will inform the AAFES motion picture serving office as to motion picture service required.

(2) On installations not Federally owned nor leased, arrangements for 35mm, 16mm, or videocassette motion picture service may be made with the Commander, AAFES, by Army or Air Force major commanders when officially requested by the National Guard, Reserve, or ROTC organizations.

(3) Requests for establishment of motion picture service on active or inactive installations for the use of National Guard, Reserve, and ROTC units of the Army or the Air Force will be forwarded to the Commander, AAFES, at least 30 days before the date the service is desired.

(4) All requests for motion picture service will be submitted according to paragraph 5-1.

g. Motion picture service for MAAGs and similar units in overseas areas.

(1) AAFES organizations may provide entertainment motion picture service to the following:

(a) Military Assistance Advisory Groups (MAAG).

(b) Joint US Military Advisory Groups (JUSMAG).

(c) Military personnel assigned to Army and Air Force military attaches.

(d) For similar U.S. military organizations, the provisions of this regulation, and AR 1-75/AFR 400-45, and the policies and procedures published by the Commander, AAFES, will apply to the motion picture activities of these units. When entertainment motion picture service is desired by these units, requests will be submitted per paragraph 5-1 of this regulation and AR 1-75/AFR 400-45.

(2) Entertainment motion picture service may be provided in overseas areas to other U.S. Army and U.S. Air Force commands, installations, or units that are not under the command jurisdiction of the overseas major commanders. The Commander, AAFES, will publish the operating procedures for motion picture activities in these separate commands, installations, or units. Commands, installations, or units that are not under the command jurisdiction of the overseas major commands must act through the geographic major command channel.

(3) Notwithstanding the general provisions of this regulation, appropriated funds may be used when available to support free-admission showings of 16mm and videocassette motion pictures in combat areas. Appropriated funds may also be used for the period following combat as determined by the Department of the Army or the Department of the Air Force. Support of free admission motion picture service contemplates payment of the following:

(a) Film costs.

(b) Personnel costs.

(c) Equipment and servicing costs.

(d) Other costs that may be incurred in connection with maintaining the free-admission 16mm motion picture and video cassette service.

h. Military clothing stores. Military clothing sales stores (MCSS) will be set up at the request of commanders, pursuant to AR 700-84/AFR 67-1, and instructions issued by the Commander, AAFES. Establishment of an MCSS will be according to the Memoranda of Understanding (MOU) between the Army, AAFES, and Air Force and AAFES as related to Defense Personnel Support Center (DPSC) items. Military clothing sales stores are considered appropriated fund facilities operated and managed by the Commander, AAFES. According to the MOU, costs associated with construction, facility improvement, and operation and management of the clothing sales stores will be reimbursed to AAFES by appropriated funds.

2-3. Establishment of exchanges

a. The establishment of an exchange is authorized by the Departments of the Army and the Air Force at each installation where extended active duty military personnel are present and assigned to duty. An exchange may be established at a location other than an active Federal military installation as provided for in *b* below. The establishment of new exchanges is subject to the following criteria:

(1) The major commander will ensure that an officer of the Army or Air Force on extended active duty is appointed to serve as the 'Installation Commander' for the purpose of discharging the responsibilities prescribed by this regulation and for taking actions required by AR 60-10/AFR 147-7.

(2) Determination will be made by the Commander, AAFES, as to whether newly approved exchanges will be operated as an AIFA or as separate, directly operated branches.

(3) All exchange-type activities will be operated and controlled by AAFES in all instances where AAFES exchange outlets are established at State-operated installations.

b. Requests for the establishment of permanent exchange outlets at State-operated National guard installations or at Reserve Training

Centers not located at active Army or Air Force installations must evidence a sufficient present and/or assigned active duty military patronage. Requests will be submitted through command channels according to paragraph *c* below, and will include the following information:

(1) Number of assigned and/or present active duty military personnel (include National Guard and Reserve Personnel on continuous active duty in excess of 180 days) located within a 25-mile radius of the proposed exchange outlet.

(2) Number of eligible family members residing in the area.

(3) Estimated number of other eligible exchange patrons (e.g., retirees) residing in the area.

(4) Name, location, and distance in miles to the nearest DOD installation with an exchange outlet.

(5) The written opinion of the AAFES Region Director as to the economic feasibility of the proposed outlet.

(6) A statement by the appropriate Reserve Component commander that the site available for the proposed exchange facility is excess to mission requirements.

(7) A written statement by the State Adjutant General that State and local taxing authorities interpose no objection to the sale of exchange merchandise to authorized patrons free of taxes. (This guidance is applicable to State-operated installations only.)

c. Requests for permanent exchange outlets at National Guard and Reserve installations will be processed as follows:

(1) Requests for proposed outlets at Reserve Training Centers will be submitted through: (for Army Reserves) US Army Forces Command (FCJ-CFA), Fort McPherson, GA to CFSC-PNP, ALEX VA 22331-0507; (for Air Force Reserves) HQ, US Air Force Reserves, Robins Air Force Base, GA to HQDAF (AFMWRSA/MWH) Randolph AFB, TX 78150-7000.

(2) Request for proposed outlets at State-operated Army and Air National Guard installations will be submitted through normal command channels to the Chief, National Guard Bureau (NGB), Washington, DC. Each request will be supported by a proposed agreement to and must—

(a) Be executed by the State Adjutant General concerned and HQ AAFES representative or designee.

(b) Include specific provisions for financing capital investment and for exercising patronage control. (See app H for format of agreement.) The NGB, in its endorsement, will evaluate the need for the proposed exchange outlet. The NGB will then forward the request, together with the Agreement signed by the State Adjutant General, to (Army) CFSC-PNP, ALEX, VA 22331-0507 or (Air Force) HQDAF (AFMWRSA/MWH) Randolph AFB, TX 78150-7000. Approvals will be granted only by the military departments concerned, subject to the signing of the agreement by HQ AAFES.

d. Exchanges permanently established at Army and Air National Guard and Army and Air Force Reserve sites will be evaluated biennially by HQ AAFES to ensure that they continue to satisfy a valid resale requirement in a cost effective manner. The evaluation is applicable to all off-base exchange outlets (outlets not located on active DOD military installations), notwithstanding that these outlets may be branches or annexes of main exchanges.

e. HQ AAFES will provide the results of the biennial evaluation to the appropriate MACOM/MAJCOM exercising command and control over those National Guard and Reserve (NG&R) installations having exchange outlets. The MACOM/MAJCOM for Army and Air National Guard units is the National Guard Bureau, Washington, DC. For Army and Air Force Reserve units, the MACOM/MAJCOM is: (Army) US Army Forces Command (FCJ-CFA), Fort McPherson, GA; (Air Force) HQ US Air Force Reserve, Robins Air Force Base, GA. The addressee MACOM/MAJCOM will review the updated listing of NG&R exchange outlets, as reported in the AAFES evaluation, and forward the report with appropriate comment, for information purposes, to the Department concerned (HQDA, ATTN: CFSC-PNP); (HQDAF, ATTN: AFMWRSA/MWH).

f. The evaluation cycle is set for 1 July each even numbered year, with a reporting date to the respective departments NLT 15 August.

2-4. Consolidation of exchange activities

The consolidation of exchange activities at two or more military installations into a region is encouraged as an effective means of achieving operating economies.

2-5. Exchange loss outlets

Exchange outlets will not normally be operated at a loss. When an outlet is operating at a loss, the Commander, AAFES, will coordinate with the affected command to decide if the outlet should be closed or continue to operate as essential to the command mission.

2-6. School feeding activities

When requested by an overseas installation commander, a dependent school meal-feeding activity may be operated by AAFES. Adequate facilities (preferably a school cafeteria), equipment, supplies, utilities, and custodial service for the dining area will be furnished from appropriated funds by the installation commander. School meal prices will cover all AAFES operating expenses.

2-7. Exchange activity limitations and prohibitions

a. AAFES will not submit bids or proposals in response to competitive procurement conducted by other Government activities. AAFES may submit price quotations to Government activities for their consideration in determining whether to request procurement on a noncompetitive basis from AAFES.

b. AAFES will not operate any gambling devices such as punchboards, slot machines or similar devices in CONUS. In foreign countries, AAFES may participate in the Services Recreation Machine Programs to include slot machines based on procedures developed between AAFES and USACFSC or AFMWRSA/MWH.

c. The stockage or sale of drug abuse paraphernalia by, or in, any AAFES activity is prohibited. Drug abuse paraphernalia is defined as all equipment, products, and materials of any kind that are used, intended for use, or designed for use, in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, repackaging, storing, containing, concealing, injecting, ingesting, inhaling, or otherwise introducing into the human body a controlled substance in violation of the Controlled Substance Act of 1970. This prohibition applies equally to AAFES contractually operated activities.

d. State tax-free tobacco products will not be sold through vending machines in CONUS, Alaska, or Hawaii. State tax-free beer may be sold through vending machines in bachelor housing and mess/dining halls in CONUS, Alaska, and Hawaii. These sales must comply with provisions of applicable departmental and command directives and when authorized by installation commanders concerned. In offshore and overseas areas, the sale of beer and tobacco products through vending machines is authorized provided such sales comply with provisions of departmental and command directives and host country agreements and when authorized by the commander concerned.

e. Courtesy cards entitling military or civilian personnel to purchase merchandise from commercial enterprises will not be issued by nor in the name of AAFES.

f. The use of AAFES premises, facilities, or personnel by firms or their representatives for any type of advertising, promotion, or solicitation purposes is prohibited. This restriction specifically prohibits the distribution of free samples, gifts, bonuses, and premiums to exchange personnel. This does not preclude controlled distribution to authorized customers of vendor point-of-sale advertising items/premiums/samples/literature/specialty items of minimal intrinsic value (less than \$10.00) to promote products stocked (must be voluntarily offered by suppliers); in-store vendor demonstrations on the use or application of products stocked; promotional displays of products being featured in AAFES programs; use of vendor-provided point-of-purchase promotional/informational materials as authorized by the Commander, AAFES; establishment of free clinics for inspection and servicing of a vendor's products; or vendor merchandising assistance and training of exchange sales personnel.

Equipment which combines display and utility, such as retail merchandise counter dispensers of light bulbs or shoestrings, is authorized as prescribed by the Commander, AAFES, as useful items of equipment and are not considered to be primarily advertising devices.

g. The use of AAFES premises, facilities, personnel, and funds by AAFES for advertising or promotional purposes, is authorized on a restrictive basis as approved by the Commander, AAFES. This includes participation in commercial contests involving free prizes or premiums for authorized patrons, but excludes AAFES employee participation in sales contests.

h. AAFES will not—

(1) Sell, place, solicit, or service insurance contracts of any description to authorized patrons as a customer service, unless specifically authorized by the Commander, AAFES, with the approval of the Board of Directors, AAFES.

(2) Sell or solicit the sale of real estate to authorized patrons either as an authorized retail item or as a personal service.

(3) Use vendor-owned equipment except as may be authorized by the Commander, AAFES. See paragraph 3-40b concerning prohibition on use of draft beer dispensing equipment.

(4) Use service or equipment items which contain product promotional advertisement, except where the product name is an integral part of the display. (Examples: package cereal and dessert displays, table condiments, gasoline pumps, and gasoline pylons.)

i. Credit sales are authorized only as provided in paragraphs 3-8 and 3-10.

2-8. Check cashing

a. The use of AAFES funds for check cashing services is authorized within the limits of cash working funds prescribed by the Commander, AAFES. Minimal special funds (including shortterm loans from commercial lending institutions) may be authorized by the Commander, AAFES, to provide additional check cashing services.

b. When on-base banking facilities are available, exchange check cashing service may be offered before, during, and/or after banking hours, provided this service does not violate existing agreements among the bank, the Treasury Department, and the installation command. Further, the exchange check cashing service will not relieve the authorized banking facility of its obligation to provide check cashing service.

c. Dollar restrictions will not apply to checks for the exact amount of purchase, except in areas designated by the Commander, AAFES. Commander, AAFES, will determine if check cashing fees should be implemented and will prescribe the level of the fees.

d. Checks drawn on foreign banks will not be cashed. Checks drawn in foreign currencies on US banks or on their overseas subsidiaries will not be cashed, except travelers' checks drawn in Canadian dollars. These travelers' checks will be cashed at the current rate of exchange, not to exceed one U.S. for one Canadian dollar.

e. Dollar checks issued by foreign banks authorized to act as military banking facilities will be accepted for cashing and for payment of merchandise. Such checks will not be accepted in CONUS exchanges. However, dollar checks issued by foreign subsidiaries of U.S. banks acting as military banking facilities may be accepted in CONUS exchanges.

f. The Commander, AAFES, will establish procedures, limitations, and controls for cashing checks and for payment for merchandise or service.

Section II Authorized Exchange Patrons, Privileges, and Identification

2-9. Unlimited and limited exchange privileges

a. *Patrons entitled to unlimited privileges.* The following patrons and organizations are entitled to all exchange privileges. This includes attendance at motion picture theaters. The organizations in (5) below are subject to the limitations of paragraph 2-17.

(1) All uniformed personnel, and their dependents, as defined in the glossary.

(2) All members of the Reserve components and their family members as defined in the glossary.

(3) Active duty officers and enlisted personnel of foreign nations when on duty with the U.S. Military Services under competent orders issued by the U.S. Army, Navy, Air Force, or Marine Corps, and their dependents as defined in the glossary. However, purchase of uniforms will be limited by the provisions of AR 12-15 and AFM 50-29. (Excluded are officers and enlisted personnel of foreign nations, retired or on leave in the United States and Puerto Rico, or when attending US schools, but not under orders issued by the U.S. Army, Navy, Air Force, or Marine Corps.)

(4) Official organizations or activities of the U.S. Armed Forces that are composed of personnel on active military duty.

(5) Government departments or agencies outside the Department of Defense when—

(a) It is determined by the local commanding officer that the desired supplies or services cannot be conveniently obtained elsewhere.

(b) The supplies or services can be furnished without unduly impairing the service to exchange patrons.

(6) Surviving spouses, and dependent children and parents, as defined in the glossary.

(7) Contract surgeons, as defined in the glossary, during the period of their contract.

(8) All retired personnel and their dependents, as defined in the glossary.

(9) Honorably discharged veterans of the uniformed services, classified by the Veterans' Administration as being 100-percent disabled when the disability is service-connected, and their dependents as defined in the glossary.

(10) Honorably discharged veterans of the uniformed services when hospitalized where exchange facilities are available.

(11) Recipients of the Medal of Honor, and their dependents as defined in the glossary.

(12) Orphans, as defined in the glossary.

(13) Unremarried former spouse of a member or former member of the uniformed services, who, on the date of the final decree of divorce, dissolution, or annulment had been married to the member or former member for a period of at least 20 years during which period the member or former member performed at least 20 years of service creditable for retired or retainer pay, or equivalent pay, and only if the final decree of divorce, dissolution, or annulment is dated on or after 1 February 1983.

b. Patrons entitled to limited privileges. The classes of persons described below will be entitled to motion picture theater and limited exchange privileges, except purchases of articles of the uniform as restricted by paragraph 2-9a(3).

(1) Government civilian employees and full-time paid staff of the Red Cross, and their dependents, who are required to reside on military installations within the CONUS, Alaska, Hawaii, and Puerto Rico.

(2) Civilian employees of the Department of Defense when in temporary duty status and when occupying Government quarters on military installations. Personnel in this category will be identified by means of official orders or a letter of authorization issued by the responsible commander and evidence that they are occupying Government quarters on the installation.

(3) Current employees, retired employees with 20 or more years of service and former employees on 100 percent disability retirement with the Armed Services exchanges. Dependents in this category are authorized access to the exchanges but are not authorized to make purchases.

(4) Active duty officers and enlisted members of the armed services of foreign nations when visiting a U.S. military installation will be entitled to all exchange privileges, except that merchandise sold to such personnel will be restricted to quantities required for their personal use. The sale of items of the uniform will be governed by AR 12-15 and AFM 50-29.

c. Patrons entitled to special types of privileges. The persons described below will be entitled to special types of privileges as indicated.

(1) Within the CONUS, Alaska and Hawaii, civilian employees of the U.S. Government working on, but residing off military installations; uniformed, and nonuniformed personnel working in recognized welfare service organization offices within an activity of the Military Services; and visitors to military installations, will be entitled to the privileges of the fountain, snack bar, and restaurant when the local commanding officer determines that these facilities are not conveniently available from other sources.

(2) Contract technical services personnel in a travel status, and Army, Navy, and Air Force Academy applicants, if occupying Government quarters on a military installation, are authorized exchange purchase privileges, with the exception of articles of uniform and State tax-free items. Personnel in this category will be identified by means of official orders or letter of authorization issued by the responsible commander and evidence that they are occupying Government quarters on the installation.

(3) Students participating in the Army or Air Force Reserve Officer's Training Corps program are entitled to purchase articles of uniform and uniform accessories within the 3-month period before graduation. Students must be identified by means of written authorization issued by appropriate authority.

(4) Civil Air Patrol Cadets and senior members are authorized to purchase articles of uniform, authorized by Civil Air Patrol directives. When purchasing only such articles, these individuals will be identified by an official Civil Air Patrol membership card. Additionally, members of the Civil Air Patrol, in a travel status and occupying Government quarters on a military installation, are authorized exchange purchase privileges except for State tax-free items. When making purchases other than items of uniform, they will be identified by means of their current membership card, their travel authorization, and evidence that they are occupying Government quarters on the installation.

(5) ROTC and junior ROTC cadets visiting installations under competent orders as part of a service orientation program, if occupying Government quarters on a military installation, and members of the Naval Sea Cadet Corps on 2-week summer training duty, if occupying Government quarters on a military installation, are authorized exchange purchase privileges except for State tax-free items. These individuals will be identified by their orders and proper evidence that they are occupying Government quarters on a military installation.

(6) Coast Guard Auxiliary members may purchase articles of uniform and uniform accessories authorized by Coast Guard Auxiliary directives. When purchasing such articles, these individuals will be identified by the Coast Guard Auxiliary Identification Card, CG-2650. No other purchases are authorized.

(7) Civilian students and faculty members at Service schools may purchase books, supplies, and materials related to the academic process and environment. Such purchases may be made only at exchange facilities which support the school.

(8) Civilian employees of the Armed Services may purchase gasoline for use in vehicles rented or leased for official business upon presentation of military travel orders which authorize their use to perform that travel. This authorization is subject to availability of gas, after AAFES mission requirements are met.

2-10. Exchange privileges in nonforeign areas outside the continental United States (OCONUS), Alaska and Hawaii In Guam, Johnston Island, Puerto Rico, and other U.S. possessions, motion picture theater and limited exchange privileges may be extended to the following persons and organizations:

a. U.S. citizen employees of the Department of Defense with transportation agreements, and their dependents including those paid from nonappropriated funds.

b. U.S. citizen employees and their dependents of firms under contract to the Department of Defense.

c. Specific categories of personnel or organizations authorized by

the responsible commander when determined to be in the best interest of the mission of the command concerned. If private organizations are authorized exchange privileges under this paragraph, they are not authorized to make purchases on credit.

2-11. Exchange privileges in foreign (overseas) areas

a. Consistent with applicable international agreements, overseas commanders will extend unlimited exchange and motion picture theater privileges to all uniformed personnel and their dependents as defined in the glossary.

b. Consistent with applicable international agreements, unlimited exchange and motion picture theater privileges will be extended to the following persons and organizations:

(1) U.S. citizen employees of the U.S. Government including those paid from nonappropriated funds, U.S. citizen employees of firms under contract to the Department of Defense, and Red Cross personnel assigned to duty with an activity of the Military Services. Included are DOD civilian employees in temporary duty status.

(2) Officers and enlisted personnel of foreign nations on active duty, when determined by the major overseas commander that the granting of such privileges is in the best interests of the United States and such persons are connected with, or their activities are related to, the performance of functions of the U.S. military establishment.

(3) Dependents of persons specified in (1) and (2) above.

(4) Specific categories of personnel or organizations authorized by the responsible commander when determined to be in the best interest of the mission of the command concerned. If private organizations are authorized exchange privileges under this paragraph, they are not authorized to make purchases on credit.

(5) Official organizations or activities of the U.S. Armed Forces which are composed of personnel on active military duty, including nonappropriated fund instrumentalities.

(6) Overseas commanders may extend privileges to certain officials of the United Services Organization (USO area executives, executive and assistant executive directors) when it is within the capability of the exchange and will not impair the military mission.

2-12. Guest privilege for motion picture theaters

Guests may attend Army and Air Force theaters provided they are accompanied by personnel authorized exchange privileges as set forth in paragraphs 2-9, 2-10, and 2-11.

2-13. Purchases for authorized patrons

a. Each authorized patron entitled to unlimited exchange privileges who is incapable of shopping at the exchange due to extreme hardship; because no adult member or dependent is capable of shopping due to certified medical reasons; because a sponsor is stationed away from his or her household; or because he or she is a minor child who either is not living with an authorized patron or is an orphan, may have a person (agent) temporarily authorized in writing by the installation commander to make purchases on his or her behalf. Agents are not authorized to shop in their own right, and normally will not be designated for a child who has attained the age of 16.

b. A blind or otherwise severely disabled eligible patron may choose a person to accompany him or her and assist in shopping. In these cases, the installation commander will issue a letter of authorization to the person (agent) designated by the disabled eligible patron. The letter will permit accompaniment and assistance by an agent of the disabled patron's choice while shopping in an exchange.

c. Generally, the designation of an agent will be authorized for a period not to exceed 1 year. However, the authorization may be extended for a longer period where the incapacitation is of a permanent nature or when a minor child has a continuing need for an agent. (See app E for standard sample letter.)

2-14. Identification

Commanders of major commands and installations will issue proper

identification documents to persons authorized to purchase at exchanges and attend motion picture theaters.

a. Commanders of overseas major commands and offshore installations will designate the means of identification required of the authorized patrons of exchanges within their jurisdiction. In the specific case of US citizen AAFES retirees with at least 20 years service and US citizen AAFES current employees, the DD Form 1173 (Uniformed Services Identification and Privilege Card) will be issued as the basic exchange purchase privilege authorization. This authority may be delegated to subordinate commands when necessary because of geographical separation of commands and status of forces agreements.

b. Authorized patrons at CONUS exchanges will be identified as follows:

(1) Uniformed personnel and members of the Reserve Components, as defined in the glossary, who are in the regulation uniform will be identified by that uniform.

(2) Uniformed personnel and members of the Reserve Components, as defined in the glossary, not in complete uniform will be identified by the official US Armed Forces Identification Card (DD Form 2; green for active duty or red for Reserve) or an official identification card issued by the applicable Service.

(3) Family members of uniformed personnel will be identified by DD Form 1173, Uniformed Services Identification and Privilege Card.

(4) Family members of members of the Reserve components will be identified by DD Form 1173-1 (Department of Defense Guard and Reserve Member Identification Card) or the Service identification cards--DA Form 5431 (Army); AF Form 446 (Air Force); NAVPERS Form 5512/7 (Navy); NAVMC Form 11138 (Marine Corps).

(5) Retired personnel of the uniformed services will be identified as indicated in AR 640-3 and AFR 30-20.

(6) Exchange employees, retirees with at least 20 years' service and former employees on 100% disability retirement in CONUS, Alaska, and Hawaii will be identified by DD Form 2574, Armed Forces Exchange Identification and Privilege card. In all other areas, authorized patrons will be identified by DD Form 1173 except as indicated in (7) through (10) below. See appendix G for DD Form 2574 issue and control procedures.

(7) Patrons described in paragraphs 2-9b(2) and c(2), (3), (4), and (5) will be identified as indicated in those paragraphs.

(8) Authorized patrons, other than those referred to in (1) through (7) above, to whom DD Form 1173 may not be issued, will be identified by written orders or letter of authorization. These orders or letter of authorization will be issued by the responsible commander and will identify the patron, indicate the nature and duration of the patron's exchange privileges, and be countersigned by the patron. Agents described in paragraph 2-13 will be identified by a letter of authorization issued by the installation commander. The letter of authorization will--

(a) Identify the patron for whom the agent will make purchases.

(b) Indicate the nature and duration of the agent's authorization.

(c) Be countersigned by the agent.

(9) Patrons using snack bar, restaurant, and vending machine facilities will not be required to present an identification card for the use of those facilities except when State tax-free items are purchased. When these items are purchased, identification of individuals who are not in uniform will be made at point of sale. This will ensure compliance with the restrictions and limitations listed in paragraph 2-17.

(10) Dependent children under 10 years of age of authorized patrons listed in chapter 2, section 2, who are not issued a DD Form 1173, may be admitted to retail and service facilities and authorized to purchase retail merchandise and services. This policy does not apply to the patrons listed in paragraphs 2-9a(4), (5), (7) and (10) or paragraph 2-11 b(2). Appropriate identification procedures will be prescribed by the installation commander.

c. Issuance and replacement of DD Form 1173 will be as prescribed in AR 640-3 and AFR 30-20.

d. A sample letter that may be used for the identification of

persons who require a letter of authorization to make exchange purchases is given at appendix E.

2-15. Abuse of exchange privileges

a. General managers will inform installation commanders of any abuses of exchange privileges. Commanders may take appropriate action, to include revoking or suspending exchange privileges. In addition, installation commanders may request that the local general manager conduct periodic unannounced checks of exchange patron identification. The installation commander may also request local modifications of exchange patron control procedures deemed necessary to prevent abuse of exchange privileges. Disputes over patron control procedures may be forwarded by installation commanders through command channels, including appropriate department staff element, to the Commander, AAFES for resolution. If the dispute over patron control procedures is not resolved to command satisfaction, it may be presented to the Executive Secretary for resolution by the Army and Air Force Exchange Service Board of Directors.

b. Exchange patrons are prohibited from the following:

(1) Making, or purchasing for the purpose of making any sale, exchange, transfer, or other disposition of exchange merchandise or services to unauthorized persons, whether or not for a profit (customary gifts of a personal nature are permissible).

(2) Using exchange merchandise or services in the conduct of any activity for the production of income.

c. Other abuses include, but are not limited to, the following:

(1) Theft of exchange merchandise or other assets by shoplifting, employee pilferage, or other means by any person having exchange privileges. The final disposition of each case of shoplifting or employee theft will be provided to the Region Director by the local command for forwarding to Headquarters, AAFES.

(2) Intentional or repeated presentation of dishonored checks for failing to make prompt restitution on dishonored checks or other indebtedness determined to be owed to AAFES.

d. If desired, the procedures prescribed in AR 15-6 or AFR 11-31 may be used to determine whether to revoke exchange privileges. Regardless of the procedures used, the individual concerned will be provided notice of charges and the opportunity to offer disproving evidence. Commanders may revoke exchange privileges for any period deemed appropriate, except in the case of shoplifting, employee pilferage, or intentional presentations of dishonored checks. In these cases, exchange privileges will be revoked for a minimum period of 6 months. As an exception, active duty uniformed personnel may be allowed controlled access to the exchanges to satisfy personal appearance, health, and sanitary requirements. On appeal, the commander who revoked the privileges, or the next higher commander, may reinstate exchange privileges for cogent and compelling reasons.

2-16. State tax exemptions

a. The sale by AAFES of merchandise including soft drinks, alcoholic and malt beverages, and tobacco products is exempt from State taxes. This exemption applies to all Army and Air Force installations, organizations, activities, and personnel within the United States and its territories.

b. The immunity of AAFES from direct State taxation (para 8-1) does not extend to indirect taxes whose legal incidence is on a party other than the exchange, such as a manufacturer, importer, processor, or wholesaler. Several states have granted military exemption from excise taxes that would otherwise be applicable to alcoholic and malt beverages, tobacco products, and soft drinks procured by exchanges for resale to authorized patrons. This exemption is enjoyed as a privilege and not as a matter of legal right and is therefore to be respected and observed through full compliance with applicable restrictions, including the prohibition against unauthorized sale or disposition.

2-17. State tax restrictions and limitations

a. *Beverage sales for on-premises consumption.* State tax-free soft

drinks and alcoholic and malt beverages may be sold for on-premises consumption at exchange food service outlets to those persons and organizations authorized to use food service outlets.

b. *Sale of State tax-free beverages.* State tax-free soft drinks and alcoholic and malt beverages will be sold only to those individuals, organizations, and activities entitled to exchange privileges under paragraphs 2-9a, and civilian employees of the Federal Government who work and permanently reside on the installation. Aforementioned civilians are prohibited from removing State tax-free beverages from the military installation.

c. *Sale of State tax-free tobacco products.* State tax-free tobacco products shall be sold only to those individuals, organizations, and activities entitled to unlimited exchange privileges under paragraph 2-9a (excluding those described in para 2-9a(4)).

d. *Limited sale of tobacco products.* State tax-free tobacco products may be sold to those persons described in paragraphs 2-9b(4) and c(6). Sales to these persons will be limited to 2 packs of cigarettes or 10 cigars a day.

2-18. Control of tax-free item sales

The Commander, AAFES, will prescribe and enforce necessary controls to ensure that no sales are made to persons who lack prescribed identification. The installation commander, in coordination with general managers, may establish reasonable purchase quantity limitations. This will ensure that restrictions and limitations governing the sale and disposition of State tax-free items are strictly enforced. Installation commanders will cooperate with State tax officials and will investigate all complaints. Commanders may take appropriate action, to include revoking or suspending exchange privileges.

2-19. Catalog service to replace lost or damaged items

Active duty military personnel assigned in CONUS may be authorized to purchase items from the AAFES overseas catalog (or overseas portion of the catalog) to replace items lost or destroyed during a government-sponsored shipment from an overseas duty assignment to CONUS, provided the following:

a. Written authorization is furnished by a responsible individual for each claimant, identifying the specific items lost or destroyed (a certificate signed by the claims judge advocate will suffice).

b. The servicemember personally places the order, attaching the authorization to the catalog order form. The servicemember is responsible for payment of the sell price of the items, shipping and handling fees, and all customs duties upon entry into the United States.

2-20. Exceptions involving patron privileges

Exceptions involving patron privileges shall be based on alleviating personal hardships, and may only be granted by the Secretary of the Department concerned. Requests for exceptions to the authorized exchange patrons and privileges will be prepared and submitted according to criteria prescribed at appendix D.

Chapter 3 Sales Operations and Procurement

Section I Retail Operations

3-1. Sales slips

Sales slips may be used by exchanges to record the sale of merchandise to exchange employees. Sales slips will not be used to record sales to customers, except as prescribed by Commander, AAFES.

3-2. Stock assortments

a. *Exchanges worldwide.* The Commander, AAFES, or his or her designee, will prescribe the AAFES master stock assortment for each retail department. This will provide for a well-balanced selection of items and price-lines. Quality, nationally accepted brands

will be identified to the maximum extent required to satisfy customer demand. Quality, lower-priced items will be identified to meet the varied needs of customers. An AAFES label may be used to identify introductory price point items that offer significant value or an AAFES brand may be used when such uniqueness will enhance a product's marketability. CONUS regions and overseas regions will set stock assortments and branch stock structures for CONUS items within the parameters of the AAFES master stock assortment.

b. Overseas exchanges. Overseas region commanders and CONUS region directors of offshore exchanges may supplement the AAFES stock assortment of CONUS merchandise with high demand merchandise of foreign origin within the parameters of their approved merchandise plans, retail inventory level, and stock-to-sales ratios.

c. Items authorized for sale.

(1) CONUS exchanges are authorized to stock and sell only the items listed at appendix C and within cost price limitations (shown in two amounts) assigned to specified categories of merchandise. The first amount is expressed in terms of prices prevailing in the base year 1967. The second amount represents the adjusted changes based on change in the Department of Labor Producer Price Index (1967=100 percent). The second amount is the current maximum cost price authorized AAFES for procurement of authorized resale items. When a 5 percent change in the index has been existent for a period of 6 months, the Assistant Secretary of Defense (Force Management and Personnel) will issue a change to the Directive that will be distributed by the Commander, AAFES, to all CONUS exchanges. Major and installation commanders requiring the latest price limitations may obtain these from the local general manager. Price limitations are further detailed in the AAFES Retail Markup Manual. Items other than those listed in appendix C at authorized price limitations may not be sold in CONUS exchanges unless exceptions are approved by the Secretary of the Department concerned. Each request for an exception will be initiated and personally signed by the installation commander and submitted through command channels to the Department concerned. General criteria for evaluation of the request is at appendix D.

(2) Overseas exchange provisions (all exchanges outside CONUS) are as follows:

(a) Overseas exchanges are authorized to stock and sell those items listed in appendix C plus high-demand merchandise not authorized for resale in CONUS exchanges. The Commander, AAFES, or his or her designee, will prescribe limitations regarding stockage and special order of specific categories or items of merchandise when deemed necessary.

(b) The sale by overseas exchanges, either directly or through a concessionaire or agency arrangement, of merchandise located in and for delivery in CONUS, is subject to the limitations applicable to sales by exchanges in CONUS, except as specifically approved by the Secretary of the Department concerned. This restriction does not apply to gift items located in the CONUS mail order warehouse. U.S.-manufactured automobiles, motorcycles, and furniture may be sold for delivery in CONUS when it is in conjunction with the patron's official transfer to CONUS.

d. Fresh meat and produce departments-authority. When no commissary store is available on a CONUS installation and when fresh meat and produce merchandise (inclusive of poultry and seafood) is not available within a reasonable distance, at a reasonable price, or in satisfactory quantity and quality, installation commanders may request the establishment of a fresh meat and produce department in the exchange, through command channels to the Secretary of the Department concerned. At such authorized locations, the exchange may expand the grocery selection from the basic 'convenience' level (listed in app C) to a level which meets customer grocery service requirements. General criteria for evaluation of the request are at appendix D.

e. Numerical codes. Retail merchandise will be grouped on the stock assortment by related items into retail departments, category

codes and sublines, and identified by uniform numerical codes as prescribed by Headquarters, AAFES.

f. Want slip system. Exchanges will have a program in place at all facilities to record customer requests for authorized items of merchandise which are not in stock.

3-3. Revalidation of approved exceptions from authorized resale items within CONUS

Exceptions (except for fresh meats and produce departments) granted by the Secretary of the Department concerned will be reviewed annually as of June 30 to ensure that they continue to meet prescribed criteria. The appropriate CONUS MACOM/MAJCOM will conduct the annual review under letters of instruction (LOI) issued by HQDA(CFSC-PNP) and HQDAF (AFMWRSA/MWH). Complete market data as well as sufficient updated information to evaluate changes in circumstances will be submitted with each revalidation request. Each submission must be fully evaluated by commanders before transmittal.

3-4. Pricing

a. Retail pricing and markups. Retail pricing and markups will be based upon the principle that exchange privileges are a vital form of non-pay compensation that helps military men, women, and their families maintain an acceptable American standard of living, regardless of location. Policies, standards, and practices will be in accordance with maintaining a financially independent organization capable of ensuring reasonable earnings to supplement appropriated funds in support of Army and Air Force morale, welfare and recreation (MWR) programs. Accordingly, the Commander, AAFES, has the responsibility and authority for establishing generally uniform prices and standard markups that will support its mission and service objectives.

b. Special order pricing. Merchandise orders for items under the AAFES special order program will include the cost of transportation or postage and any other related special handling costs, unless specifically exempted by the Commander, AAFES.

c. Deceptive pricing. Merchandise will not be misrepresented by deceptive pricing and misuse of descriptive words or acts that would distort the true value to the customer. Deceptive pricing is defined as the use of price tags, signs, or similar devices that are false or exaggerated for the purposes of misleading or deceiving the patron concerning value.

d. Retail merchandise markdowns. Markdown and markdown classification procedures will be prescribed by the Commander, AAFES, for the following reasons:

(1) Damaged and spoiled, including shopworn.

(2) Susceptible to deterioration because of age.

(3) Susceptible to obsolescence because of style, model, or seasonal change.

(4) Discontinued or excess stocks that cannot be liquidated at regular prices.

e. Pricing practices and AAFES mission. In order to ensure that pricing practices for resale merchandise comply with the intent and spirit of the AAFES mission and objectives, the Commander, AAFES, will publish internal instructions for the proper application of various strategies. Such guidance shall be considered as restricted information and so marked: 'NOT TO BE DISSEMINATED OUTSIDE EXCHANGE OR COMMAND CHANNELS.'

3-5. Inventory management

CONUS operations and overseas regions will submit periodic merchandising programs that will complement all financial budgets. Each overseas region headquarters will control replenishment authority within the total authorized. The Commander, AAFES, has overall responsibility for the approval and administration of the replenishment authority program.

3-6. Decals for identification of privately owned automobiles

AAFES may procure decals for official organizations or activities of the US Armed Forces as a procurement service per paragraph 3-26

Exchanges are not authorized to stock such decals for resale purposes.

3-7. Organizational or activity sales

a. Types.

(1) *Procurement sales.* AAFES sale of institutional-use merchandise and supplies, services, motor vehicles, equipment, and other retail merchandise not on the AAFES stock assortment.

(2) *Bulk sales.* AAFES sale of supplies, merchandise, and equipment usually in original containers issued from AAFES storage.

(3) *Convenience sales.* AAFES sale of regular exchange stock selected from stock located in an AAFES resale facility.

b. *Condition of sale.* Above sales are restricted to activities of the U.S. Armed Forces and authorized official organizations determined by Commander, AAFES. Prices will be set according to procedures published by the Commander, AAFES.

3-8. Special sales

a. *Coupon books.* The use of coupon books in lieu of currency is prohibited in CONUS, except in US Disciplinary Barracks. The use of coupon books overseas is permitted, and encouraged where local nationals have snack bar privileges.

b. *Layaway plan.* AAFES may sell merchandise on a layaway basis, according to procedures set by the Commander, AAFES. Additionally, AAFES may sell designated categories of merchandise on a Home Layaway Plan, in which the customer takes immediate possession of the goods, with repayment terms.

c. *Credit sales.* Designated facilities and the mail order catalog are authorized to accept nationally recognized credit cards as payment for merchandise and services. The Commander, AAFES, is the authority for credit card policies, procedures, limitations, and controls governing acceptance of credit cards. AAFES concessionaires are authorized and encouraged to accept credit cards or to enter into other credit arrangements customarily recognized in their commercial trade.

d. Special-order sales.

(1) *Exchanges in CONUS.* Only that merchandise listed in appendix C will be special ordered by CONUS exchanges. Individual orders may be placed at a customer service desk when it is not practicable to stock an authorized item because of its limited desirability, its bulk, or its diversity of size or styles. Individual orders will not be placed for merchandise in the ordering facility store stock structure. Orders will not be placed with manufacturers for those items in the AAFES Mail Order Catalog. Sell prices for special order merchandise will be set per AAFES prescribed special order pricing-CONUS markup procedures.

(2) *Exchanges overseas.* Individual orders will not be placed for merchandise in the ordering facility store stock structure. Orders will not be placed with manufacturers for those items listed in the AAFES Mail Order Catalog. Sell prices for special order merchandise will be set per AAFES prescribed overseas markup procedures.

e. *Trade-in policy.* AAFES trade-in policy will generally be in line with industry standards as determined by the Commander, AAFES.

f. *Rationing.* Rationing, to control the sale of any item of exchange merchandise where circumstances warrant that action, may be authorized by the Commander, AAFES. In addition, installation commanders may request the installation general manager to establish rationing when local availability of an item warrants such action. Disputes over rationing procedures may be forwarded by installation commanders through command channels, including appropriate department staff elements, to the Commander, AAFES, for resolution. Any disputes over rationing not resolved satisfactorily at command level, may be presented to the Executive Secretary, Army and Air Force Exchange Service Board of Directors (AAFBD) for resolution by AAFBD.

g. *Trial offers.* AAFES may participate in trial offers of merchandise if clear and explicit understanding exists between the exchange and supplier. Any article on trial is returnable to the supplier for reimbursement.

h. *Gratuitous issue.* Items of exchange merchandise required by military activities for gratuitous issue during emergency actions may be furnished by exchanges to the requiring activity. These items will be furnished on a reimbursable basis to include merchandise cost, freight, packing, and any applicable administrative costs.

i. *Coupon redemption.* Manufacturers' merchandise coupons offered through advertising media or by inclusion in package of merchandise, will be redeemed by exchanges subject to the exchange having the specified item available per normal stock assortment/stock structure procedures. This authority for coupon redemption in no way implies the requirement that exchanges must stock specific promotional merchandise items in order to honor manufacturers' merchandise promotion coupons.

3-9. Refunds and adjustments

Monetary refunds, up to full purchase price, will be made on all merchandise and services in cases of customer dissatisfaction. Where prohibited by State law, refunds will not be made on garments worn next to the skin. This policy applies to all AAFES activities including exchange concessionaires.

3-10. Deferred payments

a. Except as provided in paragraphs b and c below, the sale of the following types of merchandise or services are authorized on a deferred payment basis; no finance or interest charge will be assessed as follows:

(1) *Convenience items.* Articles necessary for the health, comfort, or convenience of recruits, officer candidates, reenlistees, prisoners, or detained personnel will normally be paid within 30 days.

(2) *Military uniforms and accessories.* In no case will the liability of any individual exceed the initial cost of their uniform requirement, to be paid in not more than 12 monthly installments.

(3) *Services.* Billing and payment for articles or services delivered or provided to private on-base quarters, such as milk or bread deliveries will be done monthly.

(4) *Sales to Government agencies.* Billing and payment of sales to other authorized Government agencies or instrumentalities will be done monthly.

b. AAFES may sell merchandise worldwide on a deferred payment basis as authorized by DOD. The deferred payment plan (DPP) will be implemented by uniform procedures prescribed by Commander, AAFES.

Section II

Authorized Services-Direct and Contractual

3-11. Operation

Authorized activities in appendix B may be operated as direct activity of AAFES or under AAFES contract. When authorized by the Commander, AAFES, either direct or contractor-operated activities may be operated pursuant to franchise agreements with commercial franchisors.

3-12. Authorized concession activities

a. *Exchanges in CONUS.* All authorized activities listed in appendix B may be operated directly by AAFES or as an exchange concession. Method of operation will be determined by AAFES, based on a comparison of the financial return and alternative costs of comparable service. Sale limitations or restrictions imposed upon AAFES apply equally to contractually operated activities. Items of merchandise may not be sold by concessionaires, except as authorized by the Commander, AAFES, and as provided by the terms of contracts. Concessionaire sales may be subject to state/local sales taxes (see paragraph 6-2d).

b. *Exchanges overseas and offshore.* All authorized activities may be operated directly by AAFES or as an exchange concession as determined by the overseas region commander or the CONUS region directors of offshore exchanges, based on the same criteria as indicated in para 3-12a, above, and subject to the following restrictions:

(1) Foreign-made goods are subject to the same departmental

restrictions that apply to foreign-made goods authorized for AAFES procurement and sale.

(2) Commodity and service concessionaires may not sell merchandise in direct competition to items sold in exchange stores, except as authorized by the Commander, AAFES, and as provided by the terms of contracts.

(3) AAFES is the single agency authorized to sell new automobiles and motorcycles on Army and Air Force military installations outside of the United States.

3-13. Types of agreements

Contractually operated exchange activities will be operated under one of the following types of contracts, as defined in the glossary:

- a. Agency contracts.
- b. Concessionaire contracts.
- c. Vending machine contracts.
- d. Service contracts.

3-14. Fees and prices

Fees and prices will be determined according to the policy and procedures set by the Commander, AAFES.

3-15. Purchases for contractors

a. *Supplies.* AAFES procurement or transfer from AAFES stock of supplies for contractors on a reimbursable basis is authorized if it is determined by the region director or overseas region commander that better service and lower prices to the customer, or uniformity in operations, will be achieved.

b. *Equipment.* AAFES procurement or transfer from AAFES stock of equipment for contractors will be per operating instructions and procedures published by the Commander, AAFES.

c. *Items for resale.* AAFES may furnish contractors items of merchandise for resale in exchange activities per operating instructions and procedures published by the Commander, AAFES.

3-16. Automotive activities

a. *Exchanges in CONUS.* The categories of items authorized for sale at CONUS automotive facilities are listed in appendix C. Commander, AAFES, may prescribe in AAFES publications those items in authorized categories that may be sold at automotive facilities.

b. *Exchange overseas.* The types of merchandise that may be sold at automotive facilities in exchanges overseas will be determined by the Commander, AAFES.

3-17. Feeding activities

a. *Procurement from commissaries.* Commissary facilities will be used to the fullest extent practical in the procurement of food items for authorized feeding activities.

b. *Alcoholic beverages.* Wine and beverages which contain less than 7 percent alcohol may be sold by the drink or packaged. Exchanges will not accept gratuitous draught-dispensing equipment from brewers or wholesalers under any circumstances. The equipment may be purchased from brewers and wholesalers, provided that the prevailing price is paid for it and the purchase is not made on the basis of preferential or exclusive use of the supplier's brand.

3-18. Vending

Vending service of all authorized retail, food, service, or automotive items is encouraged to the maximum extent possible. Pricing and portions as prescribed and published by the Commander, AAFES, are applicable to all vending service.

3-19. Sanitation

Standards of sanitation prescribed in AR 40-5, AFR 161-34, and AFR 163-8 apply to all exchange activities.

Section III Procurement Policies

3-20. Delegation of procurement authority

According to the provisions of AR 60-10/AFR 147-7, the Commander, AAFES, is vested with responsibility and authority for worldwide AAFES procurement, with power of redelegation. The following delegations of authority by the Commander, AAFES, are hereby confirmed and made a matter of record as follows:

a. To the official assigned responsibility for procurement management, Headquarters, AAFES, the authority to—

(1) Negotiate, execute, approve, and administer contracts and amendments or changes thereto.

(2) Designate contracting officers and ordering agents.

(3) Issue uniform procurement instructions and standard contract forms and approve deviations therefrom where consistent with DODI 4105.67.

(4) Redelagate the authorities in (1), (2), and (3).

b. To overseas region commanders, the authority to—

(1) Approve contracts and amendments or changes thereto.

(2) Designate contracting officers and ordering agents.

(3) Redelagate to the official assigned responsibility for procurement management the authorities in (1) and (2) above.

c. To contracting officers, the authority to negotiate, execute, and administer contracts subject to the policies and procedures contained in Headquarters AAFES Procurement Instructions; and, the authority to appoint contracting officer representatives and ordering agents and to approve contracts of their subordinates within the limits and amounts prescribed in AAFES Procurement Instructions.

d. To contracting officer representatives, the authority to take any action the contracting officer may take, either generally or under specific contractual instruments, subject to any limitations contained in their appointment or the contractual instruments themselves and subject to the restriction that a representative is not empowered to execute or agree to any contract or modification thereof.

e. To ordering agents, the authority to make purchases not to exceed \$500 for supplies and services for the purpose of emergency repairs of AAFES equipment and automobiles, and not to exceed \$1,500 for customer special orders; except as otherwise authorized in AAFES Procurement Instructions.

f. In the absence of an individual occupying the position cited in *a* and *b* above, the authorities cited therein may be exercised by the person occupying the position in an 'acting' capacity, except that such person may not exercise the authority to redelegate. 'Absence' refers to absence from the installation or activity on leave or temporary duty status. In cases of emergency, 'absence' may be construed to mean absence from the office, regardless of whereabouts.

3-21. Redelagation of procurement authority

Redelegations authorized in paragraphs 3-20*a* and *b* will be accomplished in writing. Redelagation may be by position title or by individuals.

3-22. Designations and limitations

a. Designations of AAFES contracting officers will be made by a certificate of appointment. Limitations in dollar value, commodity, or type of service that may be contracted for will be included in the certificate of appointment or other written media as prescribed in AAFES Procurement Instructions.

b. Designation of AAFES administrative contracting officers will be by certificate of appointment. Limitations regarding responsibilities of administrative contracting officers will be included in their certificate of appointment and as prescribed in AAFES Procurement Instructions.

c. Designation of contracting officer representatives and ordering agents will be made by the officials to whom authority is delegated under the provisions of paragraphs 3-20*a, b*, and *c* and will be done by certificate of appointment. Each certificate of appointment of a contracting officer's representative will define the scope and limitations of the representative's authority.

3-23. Selection of contracting officers

In selecting contracting officers, the appointing authority will consider experience, training, education, business acumen, judgment, character, reputation, and ethics.

3-24. Termination of authority

Termination of contracting officer's, representative's, and ordering agent's authority will be automatic upon reassignment or termination of the individual. Other required terminations will be in writing.

3-25. Ordering agents

CONUS and overseas regions are authorized to implement ordering agent procedures prescribed in AAFES Procurement Instructions. Certificates of appointment for ordering agents will state clearly the limitations and authority of individuals so appointed.

3-26. Procurement

Assignments of procurement responsibilities, programs, and procedures governing worldwide exchanges will be published in AAFES Procurement Instructions.

3-27. General policies

- a. See AR 60-10/AFR 147-7 for basic procurement policies.
- b. Each contractual relationship will be set by, and evidenced in, a written contract on a prescribed AAFES form.
- c. Procurement will not be made under extended credit arrangements nor on a consignment basis except as authorized by the Commander, AAFES.
- d. AAFES will not negotiate, purchase, or otherwise conduct any procurement business (including accepting in-store or other contract service) with active duty military personnel, U.S. Government employees (including NAF employees), or immediate family members of the above who reside in the same household. The Commander, AAFES, may waive the prohibition for immediate family members. The overseas region commanders may waive this prohibition to contract for court reporting services on a fee basis.
- e. Protests of contract award procedures will be processed according to instructions and procedures published by the Commander, AAFES.
- f. AAFES may utilize multiple-step procurement approaches consistent with published procurement instructions.

3-28. Source lists

Selection of qualified sources for solicitation of proposals is basic to sound pricing. To ensure sound pricing through competitive solicitation, a sufficient number of competent potential sources will be developed and maintained by each purchasing activity according to AAFES Procurement Instructions. Proposals will be solicited from a reasonable number of eligible sources of supplies or services consistent with the nature of, and requirements for, the supplies or services to be procured. Source lists will include only those vendors who—

- a. Are not in the General Services Administration (GSA) consolidated list of debarred, suspended and ineligible contractors.
- b. Meet standards that may be prescribed in AAFES Procurement Instructions for specific services or commodities.
- c. Are not active duty military personnel, U.S. Government employees, or immediate family members of the above who reside in the same household except as provided in paragraph 3-27d. In addition, manufacturers of military insignia and articles of uniform will be certified according to paragraph 3-41.

3-29. Solicitations

All solicitations for proposals (single and multiple source) will contain a clear and accurate description of the items or services required and mandatory contract clauses. In this way, the participating firms may calculate their anticipated cost of doing business under the proposed contract and submit responsive proposals. Solicitations may be oral or written and either multiple or single source as prescribed in AAFES Procurement Instructions.

3-30. Evaluation of proposals

Proposals received as a result of a multiple source solicitation will be evaluated on the basis of responsiveness, competitiveness, and responsibility. At the conclusion of the evaluation of proposals, the contracting officer will include a memorandum setting forth all elements of the evaluation in the contract file for use of any reviewing authorities. The memorandum will be in sufficient detail to show the considerations supporting the selection of contractor and award of contract. It will include a statement relative to the contractor's responsibility. The memorandum will also state the basis on which an offeror was found to be nonresponsive or not responsible.

3-31. Awards of contracts

Contracts will be awarded or issued only to those responsive and responsible offerors whose proposals are most advantageous, price, fee, and other factors considered. Contracts will also be awarded to those whose proposals are satisfactory or acceptable in procurement of selected brand name merchandise.

- a. A responsive offer is an offer that satisfies all requirements stated in the solicitation (oral or written) including, but not limited to, delivery schedules, quality, quantity, fee or price stipulations and specifications.
- b. A responsible offeror is one which—
 - (1) Has adequate financial resources or the ability to obtain such resources to perform the contract.
 - (2) Has the ability to comply with the required or proposed delivery or performance schedule, taking into consideration all existing business commitments, commercial as well as governmental.
 - (3) Has a satisfactory record of performance.
 - (4) Has a satisfactory record of integrity.
 - (5) Has the necessary organization, experience, and technical skills or the ability to obtain them.
 - (6) Has the production and technical equipment and facilities, or the ability to obtain them, necessary to perform the contract.
 - (7) Qualifies with other factors of responsibility according to AAFES Procurement Instructions.

3-32. Style or seasonal merchandise

Purchases of style and seasonal merchandise will be made on the commercial market, according to AAFES Procurement Instructions.

3-33. Suspension and debarment

Recommendation for suspension or debarment of individuals and firms doing business with AAFES will be submitted to the Commander, AAFES, ATTN: General Counsel.

3-34. Mandatory contract provisions

Mandatory contract provisions will be set forth in prescribed AAFES standard contract forms or in AAFES Procurement Instructions. Deviations may be made only as authorized and directed by the Commander, AAFES. As applicable, these provisions include, but are not limited to, the following:

- a. *Legal status.* The Army and Air Force Exchange Service, including its activities, offices, individual exchanges and overseas exchange systems, is an integral part of the Departments of the Army and the Air Force and is an instrumentality of the United States Government. Army and Air Force Exchange Service contracts are United States contracts; however, they do not obligate appropriated funds of the United States except for a judgment or a compromise settlement in suits brought under the provisions of the Contract Disputes Act (41 USC 601-613), in which event the Army and Air Force Exchange Service will reimburse the United States Government (31 USC 1304).

Note. AAFES procurement policy is established by DoD and promulgated in DoD Directive 4105.67, AR 60-10/AFR 147-7, and AR 60-20/AFR 147-14. The Federal Acquisition Regulations do not apply to AAFES, as AAFES is a nonappropriated fund instrumentality.

- b. *Disputes.* A clause implementing the Contract Dispute Act of 1978.

- c. *Representations.* Contractor will not represent himself to be an

agent or representative of the AAFES or any other agency or instrumentality of the United States.

d. Advertisements. The contractor will not represent in any manner, expressly or by implication, that products purchased under this contract are approved or endorsed by any element of the United States Government. Any advertisement, including cents-off coupons, by the contractor which refers to a military resale activity will contain a statement that the advertisement was neither paid for nor sponsored, in whole or in part, by the particular activity.

e. Examination of records.

(1) This clause applies if the amount of this contract exceeds \$10,000 and the contract was entered into by means of negotiation. The contractor agrees that the Contracting Officer or his duly authorized representative will have the right to examine and audit the books and records of the contractor directly pertaining to the contract during the period of the contract and until the expiration of 3 years after the final payment under the contract. The contractor agrees to include this clause in all subcontracts that exceed \$10,000.

(2) 'General Accounting Office' may be substituted for 'Contracting Officer or his duly authorized representative' when the prospective contractor does not accept the standard wording of the examination clause.

(3) Contracts awarded to foreign contractors may exclude the examination clause when its use is precluded by the laws of the country involved, subject to the approval of the servicing AAFES General Counsel (HQ AAFES and AAFES-Europe). Contract files will in such circumstances be documented to show the basis for exclusion of the clause.

f. Hold harmless clause. A clause providing that the contractor will hold harmless the United States and AAFES from any claims or legal actions arising from the contractor's activities.

g. Insurance clause. A clause, as appropriate, providing that the contractor will carry prescribed insurance and will furnish evidence thereof if requested by the contracting officer.

h. Defining clause. A clause defining the term 'contracting officer.'

i. Consent clause. A clause providing that the contractor may not assign the contract or any part thereof without the express written consent of the contracting officer, and that any purported assignment made without such consent will be invalid.

j. Gratuities. A gratuities and contingent fee clause.

k. Termination. A contract termination clause.

l. Labor clause. Labor clauses, as appropriate, consistent with the following:

(1) Executive Order 11246 on Equal Employment Opportunity and the implementing rules and regulations of the Department of Labor.

(2) Service Contract Act of 1965, as amended.

(3) Davis-Bacon Act.

(4) Contract Work Hours and Safety Standards Act.

m. Construction clause. In construction contracts, applicable clauses from the Copeland Anti-Kickback Act and the Miller Act, unless the performance and payment bond requirements thereof are waived by the Commander, AAFES, under provisions of AR 60-10/AFR 147-7.

3-35. Review and approval of solicitations and contracts

The review and approval of solicitations and contracts will be according to AAFES Procurement Instructions.

3-36. Solicitations and contracts for services, concession, agency, and vending activities

a. Service, concession, agency, and vending contracts may be for a period not to exceed 2 years. However, the period of contract may be for 3, 4, or 5 years, according to instructions published by the Commander, AAFES, if the contract requires a capital investment by the contractor exclusively for the performance of the contract. The Commander, AAFES may also approve an initial contract period, or a combination of initial contract period and renewal options, which exceeds 5 years but not more than 25 years, when

the contract investment is one of the following: (i) is largely unrecoverable at the end of the contract period, i.e., contractor-financed construction or renovation on government property; and (ii) is of such magnitude that a longer period is necessary to allow reasonable return to AAFES and the contractor and permit amortization consistent with industry standards. Capital investment that may be considered in determining the appropriate contract period are building and improvements, equipment, moveable trade fixtures, but not tools of the trade, and expense items. Additional capital investment will not be required of a contractor during the period of the contract unless authorized by the Commander, AAFES.

b. Service concession, agency, and vending contracts may contain provisions permitting the contracting officer to extend the contract without resorting to competitive solicitation. To extend the contract without competition, the contracting officer must find that the issuance of a competitive solicitation will not be to the advantage of the AAFES. Such contracts must be opened to competitive solicitation not less frequently than once every 5 years (except longer periods approved per para a above) unless prior approval for extension beyond a 5-year period has been granted by the Commander, AAFES, or his or her designee. Exceptions approved under this authority will be per AAFES Procurement Instructions. Extension will be reported at least once annually to the Board of Directors, Army and Air Force Exchange Service. The authority of the Commander, AAFES, to approve contract extensions for a period beyond 5 years may be delegated only to the official assigned responsibility for procurement management, HQ AAFES, without power of redelegation.

c. Proposals for contractually operated activities listed in appendix B ordinarily will be evaluated on the basis of price or fees, as appropriate for the solicitation, except that prices will be fixed in solicitations for vending activities and the fee will be open for competition. The costs of changing contractors may be considered as an evaluation factor provided such costs can be identified and documented, and provided further that the solicitation shows that such costs will be an evaluation factor for award and provide a realistic estimate of the costs anticipated.

3-37. Liability as an agent

Where an AAFES activity acts in an agency capacity for a vendor or a supplier, its liability will be limited to that of an agent and it will not bind itself to perform any of the obligations of the principal.

3-38. Procurement of fixtures, equipment and supplies

a. Standardization of fixtures, equipment and certain expense supplies will be accomplished to the maximum extent practicable through publication of specifications or purchase descriptions in HQ AAFES directives. Procurement of these items will be on a competitive basis unless exceptions are granted by the HQ AAFES official assigned responsibility for procurement management.

b. Foreign fixtures, equipment, and supplies may be purchased as prescribed in AAFES Procurement Instructions.

c. AAFES is authorized to purchase, on a reimbursable basis, expense-type supply items used in the operation of exchange activities from Army and Air Force installation-level stocks.

3-39. Procurement of merchandise

Procedures for procurement of merchandise will be published in AAFES Procurement Instructions consistent with the policies in AR 60-10/AFR 147-7 and the following:

a. The amount of merchandise purchased monthly will be determined by the balance derived from prescribed budgetary controls.

b. Only quality merchandise in the selected price lines will be purchased. However, the purchase of 'imperfects' or 'irregulars' is authorized as long as they are identified as such when offered for sale.

c. Each supplier interested in doing business with the AAFES will be treated in a courteous, businesslike manner. A supplier will be afforded the opportunity for interview on a fair and impartial basis. A register will be maintained at each level of procurement

within the AAFES. This register will show the name of the firm, name of the firm's representative, date of visit, and other data prescribed in AAFES Procurement Instructions.

d. Interested suppliers whose merchandise is not selected for stockage by an AAFES purchasing activity will be advised of the reason. A supplier's product will not be refused solely because the supplier does not have a contract with Headquarters, AAFES. Among the various reasons for not selecting a supplier's merchandise are the following:

- (1) Insufficient customer demand.
 - (2) Price and quality of the product are not equivalent in value to comparable products.
 - (3) Product is not authorized for stockage or resale in the exchange.
 - (4) Supplier's delivery period is excessive.
 - (5) Marketability of the product has not been set up in either exchange or commercial markets.
 - (6) Supplier is not a certified manufacturer of insignia or articles of uniform or is unable to comply with minimum electrical standards prescribed by AAFES.
 - (7) Unsatisfactory past performance.
 - (8) Substandard packaging, packing, or crating.
- e. Foreign merchandise may be purchased for resale according to AAFES Procurement Instructions.
- f. No commitments will be made to vendors relative to maintenance of Fair Trade Prices.
- g. Samples may be purchased for product evaluations. Payment will be made for those samples ordered that cost over \$20 unless the supplier has agreed to accept the return of samples (this limitation may be increased by overseas exchange system commanders when billing, import duty or return transportation costs make it impractical to get samples at such a cost). Strict accountability of samples will be maintained. These samples will either be returned to the supplier or disposed of locally. The quantity of samples requested for evaluation will be kept to the absolute minimum required to make an objective evaluation of the product. Unsolicited samples will either be returned to the supplier or disposed of locally.

3-40. Uniforms

Purchase of articles of uniform and insignia will be from sources approved and certified in accordance with applicable quality control procedures of the Departments of the Army and the Air Force and per instructions issued by the Commander, AAFES.

3-41. Sources of supply

a. *Common requirements.* Where there are common requirements among exchanges for a CONUS manufacturer's product, HQ AAFES will conduct negotiations and, where appropriate, contract with the manufacturers concerned, establish the sources of supply and method of store replenishment. Procedures for store replenishment will be published by Commander, AAFES.

b. *Region peculiar requirements.* CONUS regions may establish contracts and sources of supply for items required by the region that are not available from a headquarters established source.

3-42. Quality assurance program

Commander, AAFES, will set up a quality assurance program to ensure high standards of merchandise, services, equipment, and supplies sold or used by AAFES activities worldwide.

3-43. Returning merchandise from overseas

Return of merchandise of American manufacture to the United States will be according to HQ AAFES Procurement Instructions.

Section IV

Transportation (Cargo)

3-44. Concept

- a. The Department of the Army is the executive agent for fiscal requirements for overseas transportation of AAFES cargo.
- b. Transportation of AAFES cargo to or from overseas via the

Defense Transportation System is an entitlement of the service members. The intent of Congress is to enable them to purchase US-made goods at prices comparable to those in CONUS.

c. The cost of delivery of US cargo from air or water ports in overseas areas to first destinations will be at appropriated fund expense.

d. When costs of transporting AAFES cargo are paid from non-appropriated funds, AAFES at its option may use the Defense Transportation System or contract for commercial transportation.

e. The Commander, AAFES, is responsible for traffic management as it concerns movements of AAFES goods.

3-45. Ocean transportation

a. *Cargo vessel service.* The oceanic surface movements of exchange cargo will be financed per AR 37-1. Oceanic surface movements will be shipped per DODD 4500-9 and documented according to DOD 4500.32-R (MILSTAMP). When AAFES performs services such as seavan stuffing or overseas inland drayage that are the responsibility of appropriated funds, reimbursement will be made to AAFES per the provisions of AR 37-1.

b. *Movement of AAFES shipments through port terminals.* Movement of AAFES merchandise, equipment and supplies through military ocean terminals will be per military transportation regulations. AAFES liaison personnel may be stationed at military terminals to assist in the management of the movement and control of AAFES supplies.

3-46. Inland transportation

Routing of shipments between inland points is the responsibility of the Commander, AAFES.

3-47. Air transportation

a. *Military air shipments.* Movements of AAFES cargo via Military Airlift Command (MAC) aircraft will be per DODD 4500.9. Requirements for MAC airlift from CONUS in connection with essential exchange merchandise, equipment, or supplies in all categories will be confined to high value, emergency type or seasonal items when other modes of transport are not reasonably available at reasonable cost or will not meet the delivery requirements. Air shipments will be limited to sufficient quantities for immediate needs with the balance directed by water or other means of transport.

b. *Commercial air shipments.* When AAFES selects commercial air carriers for the movement of its cargo, it will be done at AAFES expense and per AAFES regulations and procedures.

3-48. Mail shipments to destinations outside CONUS

AAFES merchandise, supplies, or equipment may be mailed from CONUS to offshore or overseas exchanges through the military postal channels (APO or FPO).

Chapter 4

Class Six (Packaged Alcoholic Beverage) Operations

4-1. Overview

a. AAFES is designated as the single manager of packaged alcoholic beverage (Class Six) stores and the prime wholesaler of alcoholic beverages.

b. This chapter contains AAFES Class Six operating policy and applicable DoD policy. Detailed procedures for the operation of Class Six stores are contained in Exchange Operating Procedures (EOPs).

4-2. Overall operating policy

a. AAFES will operate the Class Six program for the sale of alcoholic beverages for off-premise consumption according to applicable DoD and service regulations. The objective of the operation is to provide an optimum balance between customer savings, service and earnings to support MWR programs.

b. AAFES will coordinate proposed Class Six facility closures/consolidations with the installation commander. There will be no expansion of distilled spirits or wine products to traditional AAFES activities without agreement of the local installation commander. Once introduced, however, AAFES will manage products as any other category of merchandise. Consolidation of Class Six facilities with other AAFES retail activities, for example, shoppettes, main store, etc., will be accomplished after carefully weighing economic, business and command factors.

c. Installations will not enter into competition with AAFES Class Six operations. Sale of packaged alcoholic beverage by other authorized MWR activities for off-premise consumption will be restricted to time periods when AAFES-operated retail activities are closed and at no less than AAFES prices. Sales of beer and wine products incidental to party contracts or take-out food/beverage operations are excluded from the foregoing. Take-out beverage sales are normally limited to sales of 4-packs, 6-packs or similar small quantities. Other exceptions must be approved jointly by the respective Service and AAFES.

4-3. Patronage controls

Categories of authorized customers are listed in paragraph 2-9a .

a. Age restrictions.

(1) The authorized age for the purchase of alcoholic products in AAFES overseas facilities will be 18 years or older. This applies to all active duty personnel, family members, and all other authorized patrons. Decisions on a higher minimum age will be based on treaties and international agreements and policies of the local command.

(2) On installations in the United States, the minimum age for purchasing, drinking or possessing alcoholic beverages (beer, wine, and hard liquor) shall be consistent with the law of the state in which the installation is located. As states enact new drinking age laws, the timing of revised installation drinking age policy shall coincide with implementation of the new state laws by state and local authority. Exceptions to this guidance are as provided in AR 215-2 or AFR 215-7.

b. Identification.

(1) All patrons desiring to purchase from an AAFES activity must provide proof of their eligibility to purchase before a sale is made (may require special procedures in overseas areas due to ration control regulations).

(2) Patrons in full regulation uniform need no identification unless there is doubt as to active duty status or age.

(3) Sales personnel will check the credentials of non-uniformed patrons to make certain that each individual is entitled to package store privileges. Credentials are listed in paragraph 2-14.

c. *Dramshop liability.* Sales personnel are responsible for controlling the sale of alcoholic beverages to patrons appearing to be in or near a state of intoxication and must receive annual training on dramshop liability procedures. Documentation of this training must be retained in the employee's personnel file maintained by the supervisor.

4-4. Procurement procedures

a. AAFES will purchase alcoholic beverages under the most advantageous contract, considering price and other related factors unless otherwise restricted.

b. Exchanges within the United States must obtain beer, wine and wine coolers from in-state sources. Exchanges in Alaska and Hawaii must obtain all alcoholic beverages from in-state sources. Direct purchase of beer from the brewery is not authorized unless prior approval is obtained from Commander, AAFES.

c. Exchanges will not accept free of charge draught-dispensing equipment from brewers or wholesalers under any circumstances. The equipment may be purchased from brewers and wholesalers, provided that no more than the prevailing price is paid for it and the purchase is not made on the basis of preferential or exclusive use of the supplier's brand.

d. Contingency/consignment sales or receipting of alcoholic beverages is prohibited. AAFES must own the product sold.

4-5. Alcoholic beverage stock assortment

a. The Commander, AAFES or his/her designee will prescribe the AAFES alcoholic beverage stock assortment.

b. The stock assortment criteria are similar to any other category of retail merchandise, with the foremost consideration being customer preference within the space constraints in AAFES stores. Generally, stock assortments will consist of the following:

(1) Items with a proven track record.

(2) Items of necessity which complement the basic assortment or are unavailable to AAFES customers through other outlets.

(3) New items in the marketplace, which will be added according to established AAFES procurement policies.

(4) Special buys, to include close-outs and special deals on non-stock assortment merchandise.

c. Outside of the United States, wines and malt beverages produced in the United States shall be given an equitable distribution, selection, and price when compared with wines and malt beverages produced in the host nation.

d. All containers of alcoholic beverages sold by AAFES will be labeled according to the Alcoholic Beverage Labeling Act of 1988[Public Law 100-690].

4-6. Operational requirements

The following operational requirements apply to those AAFES facilities where packaged alcoholic beverages are sold:

a. Hours of operation.

(1) Changes to operating hours will be coordinated with the installation commander.

(2) A schedule of days and hours of sales will be posted at the entrance of each outlet.

b. Promotions.

(1) AAFES promotions of alcoholic products are not authorized (for example, coupons, free samples, etc., used to promote or advertise the sale or consumption of specific brands of alcohol).

(2) Commercial promotions are authorized for Class Six stores provided the promotion is not targeted exclusively to the military community. The promotion must be of the type available to the general public.

(3) Beverage tastings, either AAFES or commercial, are authorized.

c. Credit sales for retail purchases.

(1) Major credit cards (for example, Visa, MasterCard, Discover, etc.) as accepted for other AAFES purchases will be accepted for Class Six purchases.

(2) Class Six stores will not accept MWR Club Cards unless they are also AAFES accepted major commercial cards.

d. *Signing.* Operation must display the price of bulk/case items for sale via signage or individual pricing methods.

e. Procurement sales.

(1) AAFES will provide requested products to authorized activities. Army and Air Force MWR/NAF activities selling alcoholic beverages by the drink will have first priority in case of stock shortages.

(2) Alcoholic beverages purchased from AAFES by Army and Air Force MWR/NAF activities authorized for resale will be priced to the activity at landed cost to the local servicing Class Six store.

(3) Sale of Class Six alcoholic beverages to Army and Air Force MWR/NAF activities not authorized to resell such merchandise will be at no less than full retail price or as determined by Commander, AAFES.

(4) Sale of Class Six merchandise to any non-MWR/NAF organizations or activities will be authorized IAW AR 215-1/AFR 215-7. Sale price will be at no less than full retail price or as determined by Commander, AAFES.

4-7. Retail pricing and price surveying

The AAFES pricing strategy for Class Six merchandise is that retail prices of packaged alcoholic beverages (PAB) will be at the lowest

practical level. Overseas prices will be set by the Commander, AAFES or his designee.

a. In the United States, retail prices will be at the lowest practical price allowable under DoD guidelines. Prices will be set as described below and may be rounded to the nearest nickel.

(1) Prices for PAB with an alcoholic content of 7 percent by volume or more will be no more than 10 percent below the lowest average prevailing shelf price (exclusive of state and local sales taxes) of civilian outlets in the local area (area surrounding the installation).

(2) Prices for PAB with alcohol content of less than 7 percent by volume will be no more than 25 percent below the lowest average prevailing shelf price (exclusive of state and local sales taxes) of civilian outlets in the local area (area surrounding the installation).

(3) In states where retail price lists are issued as state minimum-pricing guides for use by state-operated or civilian package stores, retail prices will be computed at no more than 10 percent or 25 percent below the published prices exclusive of state and local sales taxes.

(4) Class Six operations in "dry" areas will price products the same as in (1), (2) and (3) above, based on civilian outlet prices in the nearest "wet" area to the installation.

b. *Price surveying.* Detailed procedures for determining prevailing prices will be included in appropriate AAFES Exchange Operating Procedures (EOPs).

c. *Quantity discounts.* Quantity discounts for all PAB are authorized if available in the local community, but such discounts cannot reduce the prices below the 10 percent and 25 percent thresholds set forth above.

d. *Exceptions.* Exceptions to the foregoing may be approved by the Secretary of the Army/Secretary of the Air Force (SA/SAF) upon demonstration that special factors warrant such an exception. Exchange managers will submit request for exceptions to DoD pricing policy, in duplicate, through the area general manager and the Director, CONUS Operations to HQ AAFES. AAFES, in turn, will submit the request to SA or SAF.

4-8. Taxation

Federal wholesaler's and retailer's tax stamps are required as outlined below:

a. Exchanges located in CONUS, Alaska, and Hawaii are subject to the following occupation taxes imposed by the Internal Revenue Code (IRC):

(1) Wholesale dealer in liquor (Subsection 5111 (b) of IRC).

(2) Retail dealer in liquor (Subsection 5121 (b) of IRC). For the purpose of this tax, a military reservation constitutes one location under the same proprietorship so that only one tax is due irrespective of the number of outlets that an exchange operates within the geographical limits of the reservation. The wholesale dealer's tax is paid where AAFES sells to another organization authorized to purchase from the Class Six store.

b. Only one Federal Occupation Tax License is required. Where a wholesale-dealer-in-liquor tax license is paid, the retail-dealer-in-liquor tax license will not be paid.

c. Procedures relating to obtaining wholesale and retail dealer liquor tax licenses for Class Six stores are set forth in Exchange Operating Procedures (EOP) 55-0, Accounting Procedures-Management and Internal controls.

d. An exchange outlet that transfers alcoholic beverages to another MWR/NAF activity on a reimbursable basis must post a sign as prescribed in 27 Code of Federal Regulation (CFR) 194.239. The sign must read 'Wholesale Liquor Dealer' and must be displayed so that it can be seen from the outside of the building. The Bureau of Alcohol, Tobacco, and Firearms (BATF) has waived the record keeping requirements in 27 CFR 194.221 through 194.241. However, purchase orders, invoices, stock record cards, inventories and other related documents must be made available to BATF officers upon request.

4-9. Control of alcoholic beverages

a. PAB sales outlets are operated solely for the benefit of authorized purchasers. Members of the Uniformed Services and other authorized purchasers shall not sell, exchange, or otherwise divert packaged alcoholic beverages to unauthorized personnel, or for purposes which violate federal, state, or local laws, or Status of Forces agreements.

b. Installation commanders remain responsible for ensuring that use of alcoholic beverages is consistent with the DOD controls quoted in paragraph *a* above. Installation commanders, with the coordination of general managers, remain responsible for reviewing the amount of alcoholic beverages purchased in Class Six outlets against the number of authorized purchasers.

4-10. Establishing Class Six stores

a. For locations outside the United States, installation commanders, in coordination with AAFES, make policy as to where Class Six stores are sited.

b. In the United States, Puerto Rico, and the District of Columbia, the sale of PAB (other than wine, malt beverages, wine coolers, and other low alcoholic beverages with less than seven percent alcoholic content by volume which exchanges can sell without establishing a Class Six store), is permitted at installations when approved by the SA/SAF, as appropriate. Before authorizing a Class Six store, the SA/SAF will consider many factors. Primary among these is the importance of Class Six store net income to the funding of MWR activities; alleviating the financial burden on uniformed personnel of paying increased user fees and charges for MWR activities; and supporting and improving military community quality of life for them and their families. In arriving at such determinations, the SA/SAF will consider the following factors:

(1) Estimated number of authorized patrons.

(2) Importance of estimated contributions of Class Six store profits to providing, maintaining and operating community and family activities.

(3) Availability of wholesome family social clubs to military personnel in the local civilian community.

(4) Geographical inconveniences.

(5) Limitations of nonmilitary sources.

(6) Disciplinary and control problems caused by restrictions imposed by local laws and regulations;

(7) Highway safety;

(8) Location and distance of nearest AAFES Class Six or other military package store and reasons why that facility is not feasible (rather than opening another);

(9) A digest of the attitudes of community authorities or civic organizations toward establishment of a Class Six outlet. Provide the names of the community authorities and civic organizations, including the circumstances of the contacts and the dates (year, month, day) on which they occurred (unless letters from local contacts are submitted). This digest should consist of a summary of any written comments received from individuals and agents such as local mayors, heads of prominent civic groups or chambers of commerce, state legislators, members of Congress, or other government officials. Speculative assessments of prospective community attitudes will not satisfy this requirement.

c. Local commands, in coordination with AAFES, wishing to establish AAFES Class Six stores for PAB, for other than wine, malt beverages, wine coolers, and other low alcoholic beverages with less than seven percent alcoholic content by volume, will submit requests, in duplicate, through their major command to HQ AAFES. HQ AAFES, in turn, will submit the request to SA or SAF, with an info copy sent to the appropriate geographic operations sector. Requests will include the information listed in paragraph *b*, above. After approval by the SA/SAF, notification to OASD and Congress is made, and AAFES/installations are informed of the first day on which sales may be made.

d. If needed, additional AAFES operated Class Six outlets can be established on an installation with the approval of the installation commander. Approval from SA/SAF is not required.

4-11. Package Store Triennial Report (RCS DD-M(TRI) 1593)

a. Exchanges in the United States are required to submit a report on their Class Six operations every three years. The report is prepared/endorsed by both the general manager and installation commander or his designee. The completed report will be submitted by local commands through their major commands to HQ AAFES, which will send the final report to the Departments of the Army or the Air Force (DA/DAF) as appropriate. The next report is for the period ending 31 December 1993 and every three years thereafter.

b. Subjects for discussion are as follows:

(1) Those listed in paragraph 4-10b, except for 4-10b(9), above.
(2) The importance of the service and its convenience to the military population and their dependents. This includes the reduction of actual or potential disciplinary and control problems, and high-way safety incidents.

(3) Any written statement of dissatisfaction received during the past three years from the surrounding civilian community regarding the existence or operation of Class Six stores and what was done to resolve the complaints.

(4) The number of outlets opened and the number of outlets closed during the reporting period.

c. DA/DAF will review triennial reports to decide if authorization to operate Class Six stores should continue and to identify changes in the number of outlets over the past three years. DA/DAF will notify the Commander, AAFES if any of the outlets are to be closed.

Chapter 5 Theater Operations

5-1. Establishment of entertainment motion picture service

a. A written request for establishment of motion picture service will be submitted to appropriate CONUS region director or overseas region commander (see app F), through command channels, sufficiently in advance of requirement for service, with information as follows:

(1) Name, mailing, and message addresses of requesting unit.
(2) Name, grade, and telephone numbers (military and civilian) of unit officer to be contacted regarding the establishment of service.
(3) Telephone numbers (military and civilian) of unit commander's office.

(4) Present and projected military and dependent strength and number of civilians authorized to attend the theater (paras 2-9 and 2-10).

(5) Distance (in miles) from nearest civilian theater. If overseas service is requested, distance from nearest English language civilian theater, if there is one in the host nation.

(6) Distance (in miles) from nearest videocassette, 16mm, or 35mm U.S. Forces military theater.

(7) Accessibility of post office or other methods of transporting videocassettes or films.

(8) If 16mm or 35mm film service is desired and a theater building is to be used the following items should be considered:

(a) Facility available, including type of building, floor plan, longitudinal and horizontal sections of auditorium, and sizes, types, and locations of entrance and exit doors.

(b) Accurate projection room dimensions, including the type of construction, and the location of the projection and observation portholes.

(c) Voltage, cycle, and phase of electric power.

(9) If 16mm or 35mm film service is desired and a multi-purpose building not designed for motion picture showings is to be used the following items should be considered:

(a) Type of building.

(b) Distance, in feet, from screen to proposed location of projector.

(c) Ceiling height, in feet, at screen location.

(d) Indication of any lighting fixtures or other obstructions that would interfere with projection.

(e) Distance, in feet, from proposed location of projectors to power outlet.

(f) Indication of whether projector, screen, and speaker will be left in position from one performance to another, or whether they will be removed to permit other activity in the building.

(10) If 1/2' VHS videocassette service is desired the following items should be considered:

(a) Type of building.

(b) Room location.

(c) Type of storage security for cassettes.

(d) Check-out security procedures for cassettes.

(e) Type of viewing and playback 1/2' VHS equipment.

(f) Estimated number of viewers for each movie.

(11) Request for service for field training exercises or maneuvers will be submitted reasonably in advance of requirements and will include the following additional information:

(a) Identification of all units served.

(b) Rotation period of each unit to be served.

(c) Unit strength or average number of troops in the field each week.

(d) Distances of troop billeting or bivouac areas to nearest military and commercial theaters.

(e) Duration of requirement for film service.

(f) State whether videocassette or 16mm service is desired.

b. Based on the information provided in a above, the Commander, AAFES, or his or her designated representative, will determine the type of service to be provided. The service originally provided may be changed at any time that conditions warrant.

(1) Thirty-five millimeter paid-admission motion picture service may be provided at installations where there is an adequate facility and the present and projected population is sufficient to support this service.

(2) Sixteen millimeter paid-admission motion picture service may be provided in lieu of 35mm service when—

(a) The anticipated attendance would make it uneconomical to provide 35mm service.

(b) An adequate facility to accommodate 35mm equipment is not available.

(c) The proposed show location is within 3 miles of any place considered to be in competition with a paid-admission Army, Air Force, or commercial theater.

(3) Sixteen millimeter or videocassette free-admission service may be provided for troops engaged in field training exercises or maneuvers of 7 days or more when theater facilities are not available. This service may also be provided at installations where the present and projected population is such that paid-admission service is not economically feasible. Free-admission service will not be set up within 3 miles of or at any place considered to be in competition with a paid-admission Army, Air Force, or commercial theater, unless approved by the Commander, AAFES.

(4) Free-admission service may be provided for ward showings in Army and Air Force general hospitals. Ward showings are for bedridden patients and essential attendants.

(5) A maximum of two programs a week on a free-admission basis may be provided at military confinement facilities. Attendance will be restricted to military prisoners and essential attendants.

5-2. Discontinuance of entertainment motion picture service

When joint agreement has been reached between the installation commands and local AAFES officials, concurrent notification, to include reasons for termination action, will be forwarded through command and AAFES channels to the major command and the appropriate AAFES headquarters, respectively. Settlement for funds, admission tickets, attendance rosters, equipment and records will be effected per procedures prescribed by the appropriate CONUS region director or overseas region commander.

5-3. Admission charges

a. All 35mm entertainment films will be shown on a paid-admission basis, except for special shows (para 5-6). Sixteen millimeter films produced for regular theater exhibition, as distinguished from kinephotos, television films, or commercially sponsored films, will be shown on a paid- or free-admission basis as determined by the Commander, AAFES.

b. Admission charges will be set up by the Commander, AAFES, to accommodate AAFES motion picture financial planning as approved by the Board of Directors, Army and Air Force Exchange Service.

c. Videocassette showings are to be on a free-admission basis, unless paid-admission service is approved by Commander, AAFES.

5-4. Audience suitability classification

The following classifications of entertainment motion pictures will be included in advertising, and admission to Army and Air Force theaters will be controlled per classifications:

a. *G-All Ages Admitted.*—GENERAL AUDIENCES. This category includes motion pictures that are considered acceptable for all audiences, without consideration of age.

b. *PG-Parental Guidance Suggested.* Some material may not be suitable for children.

c. *PG-13-Parents strongly cautioned.* Some material may be inappropriate for children under 13.

d. *R-Restricted.*—Under 17 Requires Accompanying Parent or Adult Guardian. This category includes motion pictures that, because of their theme, content, or treatment, will not be presented to persons under 17 years of age unless accompanied by a parent or adult guardian. Within this guideline, parents have the responsibility of determining which movies are suitable for viewing by their dependents.

e. *NC-17-No Children Under 17 Admitted.* This category includes motion pictures that, because of the treatment of sex, violence, crime, or profanity, are not considered suitable for persons under 17 years of age.

5-5. Exhibition

a. Entertainment 16mm film, videocassette or 35mm film programs will consist only of subjects scheduled by the AAFES and will be exhibited only in officially authorized theaters. No part of a motion picture program may be used at other than authorized performances.

b. Television films and nonentertainment motion pictures and slides in such subjects as orientation, training, appeals for funds, appeals for attendance at activities, appeals to support a cause, recruiting, or those of a purely educational nature will not be used in connection with regularly scheduled entertainment motion picture programs.

c. Requests will not be made upon motion picture companies or their agents or employees for free- or paid-admission showings of any film subject. Any offers of a film subject for free- or paid-admission showings will be rejected unless a unit at a particular installation participated in making the picture. In these cases, the commander will inform Headquarters, AAFES, of the arrangements that were made with the producer so that the showing may be cleared with the appropriate distributing company.

5-6. Special shows

Showings of 35mm motion pictures without an individual admission charge are authorized for organization day programs or special programs in which the organization participates as a whole may be held when paid for from funds available to the organization, based on the actual attendance and the established admission rates.

5-7. Showing of films in clubs or other facilities

Installations are not authorized to obligate or spend nonappropriated funds for the rental or purchase of any motion picture films or videocassettes for entertainment for recreational showings, except as authorized in paragraph 5-6 above. Commercially sponsored films

(including television films) not of feature length, and available without cost, may be shown in recreation centers and in open messes. These showings will start a half hour after the scheduled opening performance at the Army or Air Force theater and will not be held more frequently than twice a week. Films used for this purpose will not include those that are normally included in Army and Air Force theater programs.

5-8. Utilization for training purposes

Occasionally, requests are received from installations for authority to exhibit, on a free-admission basis, AAFES-scheduled motion pictures (or portions) that may be considered to have training or orientation value. The AAFES does not hold title to the films and such requests will not be approved.

5-9. Utilization for benefit purposes

Entertainment motion picture films and videocassettes will not be used to support fund-raising activity.

5-10. Leasing arrangement

a. Entertainment motion picture films and videocassettes distributed by the AAFES are leased from commercial distributors authorized to do so under film and videocassette copyrights. The AAFES has a property right, as a lessee, only during the license period specified in the rental contracts.

b. The taking, damaging, destruction, or unauthorized use of motion pictures and videocassettes leased by AAFES could subject individuals to civil liability, and to criminal prosecution.

5-11. AAFES theater personnel

Policies and procedures applicable to AAFES motion picture theater employees are prescribed in AR 60-21/AFR 147-15.

5-12. National anthem trailer

Major commands requiring showing of the national anthem trailers in their theaters are responsible for production/procurement of the trailers. AAFES will exhibit the trailers supplied by the local command.

Chapter 6 Taxes

6-1. Federal taxes

Reporting and remittance of Federal taxes, including claims for exemptions, refunds and drawback of duties, will conform to the following laws and regulations per instructions issued by the Commander, AAFES.

a. *Federal income and employment tax.*

(1) Federal income tax will be withheld from compensation of civilian and off duty military employees of AAFES. See paragraph 6-1b for withholding requirement of individuals treated as an AAFES employee for federal tax purposes.

(2) The FICA tax on wages will be deducted from the pay of all AAFES employees, including the wages of military personnel employed during off-duty hours. The employer's share of the FICA will be paid as follows:

(a) Within the 50 United States and its possessions, on payments to all AAFES employees regardless of citizenship.

(b) Within other areas, on payments to all AAFES employees who are citizens of the United States or are resident aliens (holders of 'green cards').

b. *AAFES (NAFI) employees for Federal Income and employment taxes purposes.*

(1) For federal income and employment taxes purposes anyone who performs services is an AAFES employee if AAFES has the right to control what will be done and the right to control how it will be done. This is so even when AAFES gives the individual freedom of action. What matters is that AAFES has the legal right to control the method and result of the services. It does not matter

what the relationship is called. An employee may be called partner, agent, or independent contractor. An employee can be a superintendent, manager, or supervisor.

(2) Whether an employer-employee relationship exists is determined under the following common law rules. AAFES is responsible, using these factors, to correctly characterize the employment relationship so that proper federal income and FICA taxes will be withheld and paid. These factors were published by the Internal Revenue Service in Revenue Ruling 87-41, 1987-1, C.B. 296.

(3) Factors to be used to determine whether an individual is an AAFES employee for Federal tax purposes--

(a) *Instructions.* A worker who is required to comply with other persons' instructions about when, where, and how he/she is to work is ordinarily an employee.

(b) *Training.* Training the worker by requiring an experienced employee to work with the worker or by other methods indicates that the person(s) for whom the services are performed wants the services performed in a particular manner.

(c) *Integration.* Integration of the worker's service into the overall business operations generally shows that the worker is subject to direction and control.

(d) *Services rendered personally.* If the services must be rendered personally, presumably the person for whom the services are performed is interested in the methods used to accomplish the work as well as in the results, and the control factor is satisfied.

(e) *Continuing relationship.* A continuing and regular relationship between the worker and the person for whom the services are performed indicates that an employer-employee relationship exists.

(f) *Set hours of work.* The establishment of set hours of work by the person(s) for whom the services are performed is a factor indicating and showing necessary control.

(g) *Doing work on employer's premises.* If the work is performed on the premises of the person(s) for whom the services are being performed, that factor suggests control over the worker, especially if the work could be done elsewhere.

(h) *Order or sequence set.* If a worker must perform services in the order or sequence set by the person(s) for whom the services are performed, that factor shows that the worker is not free to follow the worker's own pattern of work but must follow the established routines and schedules of the person(s) for whom the services are performed.

(i) *Oral or written reports.* A requirement that the worker submit regular or written reports to the person(s) for whom the services are performed indicates a degree of control appropriate for an employee.

(j) *Payment of business and/or traveling expenses.* If the person(s) for whom the services are performed ordinarily pays the worker's business and/or traveling expenses, the worker is ordinarily an employee.

(k) *Furnishing of tools and materials.* The fact that the person(s) for whom the services are performed furnishes significant tools, materials, and other equipment tends to show the existence of an employer-employee relationship.

(l) *Right to discharge.* The right to discharge a worker is a factor indicating that the worker is an employee and the person possessing the right is an employer.

(m) *Right to terminate.* If the worker has the right to end the relationship with the person for whom the services are performed at any time without incurring liability, that factor indicates an employer-employee relationship.

(n) *Significant Investment.* If the worker invests in facilities that are used by the worker in performing services and are not typically maintained by an employee (such as the maintenance of an office rented at fair value from an unrelated party), that factor tends to indicate that the worker is an independent contractor.

(o) *Realization of profit or loss.* A worker who can realize a profit or suffer a loss as a result of the worker's services (in addition to the profit or loss ordinarily realized by employees) is generally an independent contractor, but the worker who cannot is an employee.

(p) *Working for more than one firm at a time.* If the worker

performs more than de minimis services for a multiple of unrelated persons or firms at the same time, that factor generally indicates that the worker is an independent contractor.

(q) *Making services available to general public.* The fact that a worker makes his or her services available to the general public on a regular consistent basis indicates an independent contractor relationship.

(r) *Hiring, supervising, and paying assistants.* If the person(s) for whom the services are performed hires, supervises, and pays assistants, that factor generally shows control over the workers on the job.

(s) *Full time required.* If the worker must devote substantially full time to the business of the person(s) for whom the services are performed, such person(s) has control over the amount of time the worker spends working and thereby restricts the worker from doing other gainful work.

(t) *Payment by hour, week, month.* Payment by the hour, week, or month generally points to an employer-employee relationship, provided that this method or payment is not just a convenient way of paying a lump sum agreed upon as the cost of a job.

c. *Federal tax levy.* The Internal Revenue Service may issue levies against the pay of Federal personnel, including exchange personnel. On receipt of notice of levy issued by the Internal Revenue Service, prompt action will be taken to withhold and forward to the Internal Revenue Service all monies due the exchange personnel concerned, up to the amount of the levy.

d. *Federal alcohol occupational taxes.* Exchanges located in CONUS, Alaska, and Hawaii are subject to the following occupational taxes imposed by the Internal Revenue Code (26 U.S.C. 5111[a] and 5121 [a]):

(1) The tax on a wholesale dealer in liquors imposed by Section 5111(a). For the purpose of this tax, a military reservation constitutes one location under the same proprietorship so that only one tax is due regardless of the number of outlets that an exchange operates within the geographical limits of the reservation.

(2) The tax on a retail dealer in liquors, imposed by Section 5121(a), unless the tax has been paid under (1) above. For the purpose of this tax, a military reservation constitutes one location under the same proprietorship so that only one tax is due regardless of the number of outlets that an exchange operates within the geographical limits of the reservation.

e. *Federal manufacturers' excise taxes and other Federal excise taxes.* AAFES must pay these federal excise taxes on items that are subject to the taxes unless the purchase is for immediate export from the United States. In such case, the purchase by AAFES can be made tax-free if the appropriate exemption certificate prescribed by the Treasury Department is completed by the appropriate AAFES official and given to the vendor of the item.

f. *Drawback allowances.* Drawback of duties are allowed upon the exportation of articles manufactured or produced in the United States wholly or in part with the use of imported or substituted merchandise.

6-2. State, territorial, and local taxes

a. As an instrumentality of the United States, the AAFES is entitled to the same immunity accorded the US Government from the taxes of States, the District of Columbia, territories and possessions of the United States, the Commonwealth of Puerto Rico, and their political subdivisions.

b. Sales by exchanges are immune from State sales and use taxes. Purchases by exchanges are immune from direct State taxation.

c. The immunity of AAFES from direct State taxation does not extend to indirect taxation, i.e., taxes the legal incidence of which is on the wholesaler, manufacturer, importer, and the like, unless the State by law or regulation has granted an exemption on sales to the United States.

d. Concessionaires and other independent contractors are not entitled to claim AAFES immunity from taxation. Concessionaires must collect and remit applicable sales and use taxes as required by State law pursuant to the provisions of 4 USC 105. Contractors may be liable for State sales and use taxes as provided by State law.

e. Income taxes of States and territories will be withheld from compensation of all civilian employees whose regular place of employment is within the State or territory. Taxes will be withheld when an agreement exists between the Secretary of the Treasury and the State or territory, made pursuant to 5 USC 5517 and Executive Order 11997, 22 June 1977, 42 Federal Register 31759. On the request and with the authorization of a civilian employee and otherwise subject to withholding of pay under these agreements, voluntary withholding of income tax may be made in favor of the State of residence, if that State has entered into such a withholding agreement.

f. Federal Law (5 USC 5520) authorizes Federal agencies under specified conditions, where the Secretary of the Treasury has entered into an agreement with a city, to withhold from the pay of Federal employees city income or employment taxes. Nonappropriated fund activities are subject to such withholding requirements where such an agreement exists. Information as to whether such an agreement exists with a particular city, and if so, the withholding procedures to be followed, are available from the Finance and Accounting Officer.

g. Taxes of a State, the District of Columbia, or a territory of the United States upon or measured by sales, purchases, storage or use (except United States government use) of gasoline or other motor fuels will be collected and paid according to the provisions of 4 USC 104.

6-3. Foreign taxes

Exchanges located in foreign countries, including occupied areas and the Trust Territory of the Pacific Islands, will not pay to, nor collect for, any foreign country or political subdivision of a foreign country any tax, unless the United States has consented to that levy or collection by international agreement.

6-4. Miscellaneous tax policies

a. Except as permitted by paragraphs 6-1 and 6-2e through g, taxes will not be paid or collected without the express authorization of the Commander, AAFES. In any instance involving a question of liability for local or foreign taxes or any other tax difficulty, pertinent details and request for instructions will promptly be forwarded through appropriate channels to the Commander, AAFES, ATTN: General Counsel.

b. AAFES is authorized to conduct negotiations with taxing authorities, except that no formal administrative contest or litigation will be undertaken without express authorization of the appropriate judge advocate general.

6-5. Reporting to the IRS

a. All records relating to payments to individuals and firms must be retained for at least four years and to be available for IRS review if required. CONUS offices should consult their local IRS office when forms, publications, or assistance are needed. Overseas offices should contact their local Legal Assistance office to get the address and telephone number of the nearest IRS representative. The mailing address overseas offices should use for requesting IRS forms or publications is: Forms Distribution Center, PO Box 25866, Richmond, VA 23289, or Forms Distribution Center, Rancho Cordoba, CA 95743-0001.

b. Payments, made under service contracts, of \$600 or more to anyone other than a corporation during a calendar year will be reported. If a single payment to an individual is less than \$600 but total payments during the calendar year to the same individual reach \$600, the report must be filed. The report (the return) will be provided to the individual or firm and to the IRS on IRS Form 1099 (Miscellaneous Income). The individual or firm should receive a copy of the IRS Form 1099 not later than 31 January of the year following the calendar year of payment. A separate IRS Form 1099 MISC will be prepared for each individual or firm to whom total payments of \$600 or more are made. An IRS Form 1096 (Annual Summary and Transmittal of U.S. Information Return) is used to transmit the IRS copy of the Form 1099's to the IRS. These forms

must be forwarded to the IRS no later than 28 February covering the preceding calendar year. Refer to IRS publications for preparation instructions and filing requirements.

Chapter 7 Fiscal Management

Section I Financial Planning, Accounting, and Accountability

7-1. Financial planning

The financial objectives of AAFES will be programmed and controlled by the Annual Financial Plan prepared by the Commander, AAFES, and approved by the Board of Directors, AAFES. The plan will include—

a. Projected income and expenses, the proposed capital program, and the capital requirements schedule (to include anticipated sources and applications of cash).

b. Actual operating data to permit an analysis of projected data.

7-2. Financial statements

a. *Statement of Financial Position (Balance Sheet).* Quarterly and at the close of each fiscal year, the Commander, AAFES, will publish a statement of financial position for the worldwide AAFES. Separate statements of financial position will not be prepared by any exchange, CONUS region, or exchange system within AAFES.

b. *Operating statements.* Exchange Operating Statements showing sales and other income costs, expenses, profits, depreciation, and significant statistical data will be prepared at least quarterly as prescribed by the Commander, AAFES.

7-3. Chart of accounts

The Commander, AAFES, will publish a uniform chart of accounts to be used throughout the worldwide AAFES. Deviations are permitted only with prior written approval of the Commander, AAFES.

7-4. Books of account

Appropriate books of account will be maintained as prescribed by the Commander, AAFES, to show assets and liabilities of the AAFES. These books will also provide data for the required financial statements and for management control of resources and operations.

7-5. Accounting records

All activities will maintain standard accounting records and submit financial reports as prescribed by the Commander, AAFES. Records will be kept to provide timely and essential management information and to ensure adequate internal controls.

7-6. Financial and personnel management reports

a. Reports required for the DA MWR Financial and Personnel Management Report, formerly known as the DA 7000.12 Report, are prescribed in AR 215-1, chapter 20, and will be submitted according to the APF/NAF financial and personnel reporting requirements described in AR 215-5, chapter 4. The reports, bearing requirement control symbols, are as follows:

(1) Summarized Balance Sheet and Income Statements (RCS DD-M(A)1344).

(2) Consolidated MWR Expense Report (RCS DD-M(A) 1344).

(3) Funds Invested/Validated Commitment Report (RCS DD-M(A)1344).

(4) NAFI Employee's Compensation and Benefits Program Report (RCS DD-M(A) 1554).

(5) MWR Personnel Strength Report (RCS DD-M(Q) 1555).

b. Annually, after approval (by the Board of Directors, AAFES) of the AAFES annual report to the Secretaries of the Army and of the Air Force, the Commander, AAFES, will submit the required reports for the preceding AAFES fiscal year to the Department of the Army, Community and Family Support Center (ATTN:

CFSC-RM); an information copy of the report will be forwarded to the Department of the Air Force (AFMWRSA/MWH).

c. The Department of the Army and Department of the Air Force will submit to the Commander, AAFES, ATTN: Chief Financial Officer, for each year such data on appropriated fund costs and expenses in support of AAFES for inclusion in the above indicated AAFES reports.

d. The Community and Family Support Center, Department of the Army, will forward AAFES reports to the Assistant Secretary of Defense (Force Management and Personnel) after obtaining Air Force (AFMPC/DPMS) coordination on reports.

7-7. Accountability

a. Sales will normally be made and accounted for in US dollars or dollar instruments. In overseas areas, when deemed in the best interest of AAFES, sales in foreign currencies may be authorized by the Commander, AAFES.

b. Retail merchandise will be accounted for at its retail value by the retail inventory method. Other merchandise, supplies, equipment, and vehicles will be accounted for at cost value.

c. Accountability and responsibility for assets of Headquarters, AAFES; Headquarters, AAFES-Europe; and Headquarters, AAFES-Pacific, will be prescribed by the commander concerned. Directors, CONUS regions, are accountable and financially responsible for all assets of their headquarters not assigned to a branch or warehouse manager. Commanders of overseas intermediate exchange headquarters (overseas exchange regions) are accountable and financially responsible for all assets of their headquarters not assigned to a branch or warehouse manager. Region directors are accountable and financially responsible for all assets of their exchanges not assigned to a general manager or to a branch or warehouse manager. General managers are accountable and financially responsible for all assets of their exchanges not assigned to a branch or warehouse manager. Branch or warehouse managers are accountable and financially responsible for all assets, including merchandise, of their branches or warehouses.

7-8. Assignment and relief of accountability

Assignment and relief of accountable individuals on a temporary or permanent assignment basis will be documented as follows:

a. *Temporary periods of 45 days or less when a relieving individual is assigned.*

(1) Control and financial responsibilities will be transferred at the close of business on the day of relief. The accountable individual will record the transfer by completing the cash and working fund portion only of the AAFES Certificate of Transfer.

(2) The cash and working fund portion of the AAFES Certificate of Transfer will be prepared in triplicate. The original copy will be filed with the official records of the exchange or CONUS region and the duplicates furnished the relieved and relieving accountable individuals.

(3) On his or her return and assumption of control and responsibilities, the accountable individual will prepare an AAFES Certificate of Transfer and provide copies as indicated in (2) above.

b. *Permanent reassignment or temporary periods in excess of 45 days.*

(1) Changeover date will be determined as far in advance as possible and, if feasible, will coincide with the close of the fiscal month. Interested personnel will be advised of the changeover date so that records may be maintained as current as possible for the changeover date.

(2) An inventory of all cash, merchandise, theater admission tickets, supplies, and fixed assets will be taken per prescribed inventory procedures as of date of changeover. Except for cash, the relieving accountable individual is authorized to waive, in writing, any or all of this requirement.

(3) When the individual is accountable for a working fund, a working fund report will be prepared as of the changeover date. The report will be the basis for completing the cash and working fund portion of the AAFES Certificate of Transfer. The working fund

depository bank will be requested to furnish the supporting accounting office with a statement of the account as of the changeover date for use in reconciling the balance in the bank with that shown on the working fund report.

(4) The AAFES Certificate of Transfer will be prepared in triplicate. The original copy will be filed with the official records of the exchange or CONUS region and the duplicates furnished the relieved and relieving accountable individuals.

7-9. Physical inventories

a. A worldwide physical inventory of all cash, merchandise, theater admission tickets, and supplies will be taken not less frequently than annually on dates designated by the Commander, AAFES, with fixed assets taken not less frequently than once every two (2) years. Additional inventories will be prescribed by the Commander, AAFES. As indicated in paragraph 7-8b(2), an inventory will also be taken when a general manager or CONUS region director is relieved and accountability is transferred.

b. The Commander, AAFES, overseas region commander or chief, CONUS region director, or general manager may direct an inventory in case of a catastrophe (e.g., fire, flood, storm), burglary or theft, hostile action, or evidence of unsatisfactory accountability.

c. Worldwide physical inventories will be rechecked by disinterested inventory inspectors. When inventory sheets are used, they will be controlled by disinterested inventory inspectors. Inventory inspectors will be appointed, in writing, by the Commander, AAFES, or his or her designee for CONUS and offshore exchanges, and by the overseas region commander or his or her designee for overseas exchange systems. Inventory inspectors and the chief inventory inspector will be AAFES civilian employees.

d. When sufficient exchange personnel are not available for verification of physical inventories, the military commander will be requested to provide the necessary NAF personnel.

7-10. Write-off of AAFES assets

a. *Authority.* The Commander, AAFES, has the authority to approve the write-off of AAFES assets. Write-off procedures, including delegations of write-off authority, will be published in AAFES publications.

b. *Approval procedures.* Write-offs will be supported by documentation and justification initiated by the accountable and responsible individual.

c. *Disposition of inventories.* Merchandise, supplies, or other inventory items of no value will be marked down to zero and disposed of as follows:

(1) Transfer without charge to the installation chaplain or the Defense Reutilization Management Office (DRMO) who will receipt for the no-value inventories. If the no-value inventory is sold by DRMO, 90 percent of the proceeds of the sale will be sent to the exchange.

(2) Destruction will be witnessed and certified by a disinterested party. The Commander, AAFES, or his or her designee, as appropriate, will appoint an AAFES civilian employee to perform this function, if available.

d. *Fixed assets.* When a fixed asset is surplus to AAFES requirements and cannot be disposed of by trade-in or sale for reuse, it will be written off. The amount of the write-off will be acquisition cost less applicable accumulated depreciation. A fixed asset is surplus, as distinguished from excess, when it is no longer required within AAFES. (See glossary.) Disposition of surplus or excess fixed assets will be per instructions published by the Commander, AAFES.

e. *Other assets.* Write-off of accounts receivable, including deferred payment charges, expired gasoline credit card charges, and vendor debit balances will be initiated if and when considered uncollectible or expired, but no later than one year from the date on which the item first appeared on the books of account. In the case of claims receivable, write-off will be within one year from the date the claim is filed.

f. *Dishonored checks.* Processing procedures for dishonored checks are prescribed in paragraph 7-19.

7-11. Adjustments for accountability variances or losses

When accountability variances, as defined in paragraph 7-13, occur as a result of the official annual physical inventory, adjustments will be made to the books of account. When inventories other than the annual inventory are taken, variances will be maintained on a memorandum basis. An adjustment to books of account does not eliminate the requirement for action prescribed in section II of this chapter.

Section II

Claims and Investigative Procedures

7-12. Losses

An AAFES activity is determined to have sustained a loss when AAFES property, including cash, is lost, destroyed, or damaged as a result of a catastrophe (e.g., fire, flood, storm), hostile action, unexplained disappearance, and similar causes. An accountability variance (para 7-13) is not considered a 'loss' for the purposes of this paragraph. The Commander, AAFES, for exchange activities in CONUS (including offshore exchanges) or the overseas region commander, in overseas areas, is responsible for investigation of and action on losses as prescribed by the Commander, AAFES. Except for authority to assess pecuniary liability, where appropriate, authority vested in the Commander, AAFES, and the overseas region commander may be delegated per procedures prescribed by the Commander, AAFES.

7-13. Merchandise and supply accountability variances

Accountability variances are the differences between the value reflected in the books of account and the value determined by a physical inventory.

a. The Commander, AAFES, for exchange activities in CONUS (including offshore exchanges), and overseas region commander, in overseas areas, will be responsible for determining causes of accountability variance and for taking appropriate corrective action to prevent recurrences. Except for the authority to assess pecuniary liability, where appropriate, authority vested in the Commander, AAFES, and the overseas region commander by this section may be delegated, as prescribed by the Commander, AAFES.

b. When an accountability variance shown by an inventory of any individual exchange branch or of any AIFA exceeds limits prescribed by the Commander, AAFES, an internal management review will be conducted per paragraph 7-14.

c. When an accountability variance shown by an inventory exceeds the limits prescribed by the Commander, AAFES, and negligence, fraud, dishonesty, or willful misconduct is suspected, the Commander, AAFES or the overseas region commander will cause an investigation to be made per paragraph 7-15. Such an investigation may take the place of, or be in addition to, internal management reviews at command discretion.

d. When an accountability variance does not exceed the prescribed limits described in above, the Commander, AAFES, or the overseas region commander will take such action as may be appropriate to include a determination of indebtedness where the accountability variance has resulted from negligence, fraud, dishonesty, or willful misconduct. The responsible persons will be advised of the basis on which they may be held responsible for the accountability variance and that they may submit any matter in mitigation or defense. The Commander, AAFES, or the overseas region commander will review all facts and circumstances, including matters submitted by the responsible persons. If appropriate, a determination of indebtedness will be made and collection action taken per paragraph 7-16, with proper notice of appeal rights per paragraph 7-17.

7-14. Internal management reviews

a. A technically qualified, disinterested employee will be appointed by the Commander, overseas regions; Directors, CONUS regions; Director, Distribution; Director, Marketing for catalog sales, or their designees, to conduct an internal management review

of variances occurring at a retail or storage branch. A written report will be rendered.

b. The report of internal management review will be processed per the format and procedures prescribed by the Commander, AAFES.

c. If the report of internal management review discloses evidence of negligence, fraud, dishonesty, or willful misconduct resulting in an inventory shortage in excess of limits prescribed by the Commander, AAFES, the Chief of Staff, AAFES, or the overseas region commander will cause an investigation to be made per paragraph 7-15. If no such evidence is disclosed, the Chief of Staff, AAFES, the overseas region commander, or delegated approving authority, may authorize, without further investigation, the relief of individuals of accountability or responsibility for an inventory variance and will take such other actions as may be appropriate. Where a report of internal management review discloses that an inventory variance not in excess of limits prescribed by the Commander, AAFES, resulted from negligence, fraud, dishonesty, or willful misconduct, the Commander, AAFES, or the overseas region commander acting on the basis of the report of internal management review and any other available information, will make a determination of indebtedness and take collection action per paragraph 7-16, with proper notice of appeal rights as specified in paragraph 7-17.

7-15. Investigation procedures

a. An investigation required under this regulation will be conducted by a board of one officer (military or civilian) appointed by the Chief of Staff, AAFES, for exchange activities in CONUS (including offshore exchanges), or the overseas region commander in overseas areas. At the discretion of the Chief of Staff, AAFES, or the overseas region commander, if no qualified commissioned officer assigned to duty with AAFES or no AAFES civilian employee is reasonably available, or if he or she determines that an investigating officer outside of AAFES would be advisable, he or she may appoint any qualified commissioned officer who is made available by the local installation commander.

b. Reports of investigation will be prepared in the format and processed per procedures prescribed by the Commander, AAFES.

c. Loss or damage of appropriated-fund property will be processed per AR 735-5 or AFM 177-111, as appropriate.

7-16. Restitution and collection

When a recommendation or pecuniary liability by an investigating officer has been finally approved or when the Chief of Staff, AAFES, the overseas region commander, or other authority, as appropriate, has made an administrative determination that an individual is pecuniarily liable or accountable for a loss or shortage, the action specified in the following paragraphs will be taken to collect from the individual. (See Exchange Operating Manual for the standards of pecuniary liability.) Such action will also be taken in cases involving losses resulting from dishonored checks. Where the dishonored checks are available, no further investigation is required to use the restitution and collection procedures set forth below.

a. An administrative determination of indebtedness in favor of a constituent element of AAFES is a determination that the indebtedness is due and owing to AAFES. AAFES, its constituent exchanges and other exchange facilities constitute a single integrated fiscal entity.

b. Written request for payment will be submitted to the individual concerned, together with a copy of the report of internal management review or investigation or other documentation upon which pecuniary liability is based. The request will show the basis for the liability, provide notice that an administrative determination has been made that the individual is liable to AAFES, and will include appeal rights specified in paragraph 7-17. In cases involving dishonored checks, notice of appeal rights is not required. When the individual concerned is a military member assigned to a remote location or employed by an AIFA, the request for payment will be submitted to his or her commanding officer together with a copy of the report of internal management review or investigation or other documentation upon which pecuniary liability is based.

c. If the debtor is an AAFES civilian employee and refuses to pay the indebtedness voluntarily, the amount of the claim will be deducted from any money AAFES owes the employee, as far as possible. Claims against AAFES foreign national personnel in overseas areas will be collected according to local laws.

d. If the claim is against an active duty service member of any branch or service, the general manager, having been unable to effect voluntary collection, will report the indebtedness with all relevant information to the member's unit commander. If the unit commander cannot effect voluntary cash settlement of the claim on a timely basis, the exchange will prepare a DD Form 139 (Pay Adjustment Authorization) citing rule 6, table 7-7-5, DODPM, naming the exchange as claimant, and submit it to the appropriate servicing finance and accounting office as certification and payment. The indebtedness will be recorded on the individual's military pay record. The disbursing officer will make the authorized deduction from the person's pay and forward the amounts so collected to the exchange concerned.

e. If the claim is against a retired service member of any branch of service and is not voluntarily collected, the claim will be submitted to the appropriate retired pay branch for collection. The finance office will record the indebtedness on the pay records and forward all deductions made to the exchange concerned until the indebtedness is satisfied.

f. If the claim is against a civilian employee paid from appropriated funds, and it is not voluntarily liquidated, a request will be made to the appropriate civilian personnel officer or the installation commander for assistance in collecting this debt. Copies of all documents supporting the indebtedness will be forwarded with the request for assistance.

7-17. Appeals

Except for losses resulting from dishonored checks, when a person is notified of an approved report of investigation or determination holding him or her pecuniarily liable for a loss, he or she may appeal the matter as provided in this paragraph. The appeal of the action taken by the Chief of Staff, AAFES, or the overseas region commander, will be made to the Commander, AAFES. The procedure is as follows:

a. A written appeal must be submitted within 30 days from receipt of the notice of assessment of pecuniary liability.

b. The appeal must state specifically the alleged errors or irregularities relied upon.

c. When the Chief of Staff, AAFES, or the overseas region commander receives such an appeal, he or she will reconsider the earlier action and give full consideration to the appeal and any other matter presented in support thereof. He or she will then revoke or sustain his or her earlier action, require a new report of investigation, or take other action as determined by the circumstances.

(1) If he or she revokes his or her earlier action, he or she will inform the appellant and initiate action for refund of any previous collection.

(2) If he or she directs a new report of investigation, he or she will advise the appellant accordingly.

(3) If he or she rejects the appeal, he or she will prepare a memorandum stating the basis for the action and submit to the Commander, AAFES—

(a) The memorandum.

(b) A copy of the appeal.

(c) All correspondence and other pertinent material.

(d) A copy of the approved report of investigation.

d. The decision of the Commander, AAFES on an appeal is final. If the appeal is allowed, all documents will be returned to the Chief of Staff, AAFES, or the overseas region commander with instructions to notify the appellant and to initiate action for refund of any previous collection. If the appeal is rejected, the appellant will be so notified through the Chief of Staff, AAFES, or the overseas region commander.

7-18. Tort or tort-type claims

a. Tort and tort-type claims arising out of the operation of AAFES activities will be investigated, processed, and settled per AR 27-20 or AFM 112-1. The manager of each exchange facility will immediately notify the servicing Staff Judge Advocate of any incident likely to result in a claim for personal injury or property damage. In appropriate cases, e.g., serious vehicular incidents occurring off-post, the Staff Judge Advocate should consider requesting investigative assistance from the AAFES Regional Security Director. Such requests can be submitted to the General Counsel, AAFES.

b. Awards on administrative claims will be paid from AAFES self-insurance funds set aside for that purpose.

7-19. Dishonored check claims

Dishonored check claims will be processed per the following and supplemental operating instructions and procedures published by the Commander, AAFES.

a. Immediately upon receipt of a dishonored check from the bank, the exchange will make demand on the maker and all prior endorsers for restitution. Collection of amounts due on dishonored checks will include bank charges, if any, and an administrative charge determined by the Commander, AAFES, to cover the exchange's cost of collection. If a dishonored check is not paid within 15 calendar days from the date of mailing the dishonored check notification, the Exchange will report the matter to the Installation Commander/Installation Check Control Officer and request assistance in collecting the money due to AAFES. If restitution is not made or a payment schedule started within 30 days following the date the original notice was mailed to the maker/endorser, the debt will be transferred to AAFES-FA-G/RI for further collection action, to include processing a DD Form 139 for involuntary withholding of pay in appropriate cases. Exchange may write-off those accounts valued at \$20 or less, if there are no other debts outstanding, rather than transferring the account to HQ for collection.

b. Upon receipt of a dishonored check(s), check presentation and AAFES Credit Program privileges are suspended. When full voluntary restitution is received for all outstanding debts, bank protest charges, service charges, interest and penalty charges, privileges are restored. If the debt collection is accomplished through involuntary salary deduction, privileges will remain suspended for one year from date of full and final collection. If the debt is collected through the IRS Offset Program, privileges remain permanently suspended unless an administrative decision for reinstatement is made by HQ AAFES.

c. When appropriate, the installation commander may withdraw exchange privileges in cases involving intentional passing of dishonored checks (para 2-15c). He/she may withdraw exchange privileges in other cases also as are appropriate per paragraph 2-15.

d. If the claim is against an active duty service member of any branch of the Service, the general manager, having been unable to effect voluntary collection, will report the indebtedness with all relevant information to the member's unit commander. If the unit commander cannot effect voluntary cash settlement of the claim on a timely basis, the exchange will transfer the debt to the servicing accounting office for processing of a DD Form 139, citing rule 6, table 70705, DoD-PM to the appropriate finance and accounting office. The indebtedness will be recorded on the individual's military pay record. The authorized deduction will be made from the person's pay and forwarded to the office holding the debt.

7-20. Other claims

a. AAFES civilian personnel are provided the benefits by the Military Personnel and Civilian Employees' Claims Act of 1964, as amended (31 USC 3701 and 3721), except that payment of claims will be made only from AAFES self-insurance funds or per applicable insurance contracts.

(1) Personal property claims of AAFES civilian employees for loss or damage incident to their service, inclusive of those arising

out of the authorized PCS movement or storage of household effects, personal effects and POVs, will be investigated, processed, and settled per AR 27-20 or AFM 112-1.

(2) AAFES employees may, at their own expense, insure against any damages or losses in excess of applicable limits of the cited regulations.

b. Customer complaints arising out of operations of AAFES activities will be settled by cash payment, services, or replacement in kind. Any claims of this nature that cannot be satisfactorily settled in this manner or any claim of this nature that includes a demand for consequential damages, such as personal injury or property damage other than that to the article purchased, serviced, lost, or damaged, will be investigated, processed, settled by the same settlement authorities and procedures of AR 27-20 and AFM 112-1 applicable to settlement of tort and tort-type claims.

c. Contract disputes arising out of AAFES contracts will be processed according to the provisions of the contract's disputes clause prescribed in operating instructions and procedures published by the Commander, AAFES.

d. The following miscellaneous claims will be processed per operating instructions and procedures published by the Commander, AAFES:

- (1) Marine cargo losses.
- (2) Claims against vendors.
- (3) Commercial carriers.
- (4) The U.S. Postal Service.
- (5) Claims arising out of workmen's compensation.
- (6) Group insurance and retirement annuity insurance.

Section III Insurance

7-21. Insurance coverage

a. AAFES self-insurance funds are reserved to pay for losses not commercially insured:

(1) Property, including fire and allied lines coverage, automobile physical damage, inland and ocean transit, burglary, robbery, money and securities, fidelity, forgery, and third-party public liability (tort) claims..

(2) Employee benefits, including group insurance, retirement annuity worker's compensation, and employer's liability insurance.

b. Coverage provided by an insurance company will be for limits necessary to protect AAFES insurable interests and at premium rates competitively solicited and approved by the Commander, AAFES or his delegated representative.

c. Self-insurance coverage is prescribed and published in AAFES Exchange Operating Procedures (EOP) approved by the Commander, AAFES.

7-22. Provisions of insurance policies

a. Insurance policies covering claims against the AAFES will expressly name the United States of America, the AAFES, and, as appropriate, other AAFES elements as named insured to protect the interests of the United States against claims arising out of the activities of the AAFES.

b. The legal status of the AAFES as a Government instrumentality will not be interposed as a defense in any legal proceedings in which the insurer's liability is in any way concerned, unless so requested in writing by the Commander, AAFES, after the approval of the appropriate judge advocate general has been obtained.

c. No subrogation action will be taken against the United States.

7-23. Contractor's insurance and bonds

The following types of insurance are prescribed for all businesses under contract with AAFES and are required depending on the property and liability expenses associated with the type of business conducted. Required insurance will be funded by the contracted business.

a. Workmen's compensation and employer's liability.

b. As appropriate for the type of business conducted, public bodily injury or death, property damage liability, malpractice, product liability, premises liability, automobile, completed operations, and garage keeper's liability.

c. Bailees' customers.

d. Performance and payment bonds.

e. Builders' risk.

Chapter 8 Administration Policies

Section I Legal Services

8-1. General

The legal status, rights, and liabilities of the AAFES and its employees are as defined by the Constitution, Federal statutes, regulations, established principles of International Law, treaties and international agreements, as construed and applied in rulings and decisions of competent courts and responsible governmental authorities.

a. As an instrumentality of the United States, the AAFES is entitled to the immunities and privileges enjoyed by the Federal Government. Except to the extent waived by or according to an act of Congress or international treaty, these include immunity from suit. Thus, the AAFES is immune from direct taxation of its transactions and property, as well as from State regulatory laws, such as licensing and price control statutes, since application would result in interference with the performance by the AAFES of its assigned Federal functions. A statutory exception to this immunity exists in the 4 USC 104, which authorizes the levy and collection of State taxes on the sale by or through exchanges of gasoline and other motor fuels. Similarly, the Congress has waived the immunity of the United States and its activities from suits sounding in tort (Federal Tort Claims Act, 28 USC 2671 et. seq.), and the immunity of the United States and exchanges from suits sounding in contract (The Contract Disputes Act, 41 USC 601-613).

b. Legal service within the AAFES is provided by and through the General Counsel, AAFES, and the general counsels of overseas regions. Assistance and authoritative guidance on questions of broad legal policy are furnished by or through The Judge Advocate Generals of the Army and of the Air Force. Services and facilities of command judge advocate offices are available for advice and assistance.

8-2. Litigation

a. General. The provisions of AR 27-40 and AFR 110-24, as appropriate, will be observed in connection with any judicial or administrative proceeding affecting or arising out of AAFES operations. A copy of each litigation report, summons, order, notice, and other document pertaining to any judicial or administrative proceeding affecting or arising out of AAFES operations will be promptly forwarded as follows:

(1) CONUS, offshore and AAFES-Pacific exchanges: Commander, AAFES, ATTN: General Counsel, PO Box 660202, Dallas, TX 75266-0202.

(2) AAFES Europe exchanges: Commander, AAFES-Europe, ATTN: General Counsel. A copy of each litigation report submitted to AAFES-Europe will be furnished the Commander, AAFES, ATTN: General Counsel, PO Box 660202, Dallas, TX 75266-0202.

(3) Within AAFES, the General Counsel will coordinate litigation matters arising out of AAFES activities with the appropriate service Judge Advocate General and, when responsibility for litigation has been delegated, with the appropriate Justice Department or US attorney.

b. Bankruptcy. Orders, notices, and other documents pertaining to bankruptcy proceedings in the United States courts will be promptly forwarded to the Commander, AAFES, ATTN: General Counsel, PO Box 660202, Dallas, TX 75266-0202.

c. Garnishment. Orders, attachments, or other processes issued by

United States courts attaching monies owed by AAFES or an AAFES employee will be promptly forwarded to the Commander, AAFES, ATTN: General Counsel, PO Box 660202, Dallas, TX 75266-0202. The AAFES General Counsel will be telephonically advised on the date of receipt of such orders, attachments or processes.

d. Suits against individual employees. An AAFES employee sued for acts or omissions by the employee within the scope of his employment may request representation by the Department of Justice in accordance with AR 27-40 or AFR 110-24, as appropriate. Such requests will be forwarded through the Judge Advocate General of the appropriate military service.

Section II

Criminal Investigations

8-3. Criminal investigations in CONUS

(This paragraph supports authority provided by AR 27-40, AR 190-40, DFARS sec. 9.472, and AFR 110-24 and is not intended to supersede those regulations.)

a. CONUS region directors or general managers will report incidents of arson, assault, burglary, embezzlement, forgery, homicide, larceny, robbery, shoplifting, and other acts of criminal misconduct involving exchange operations. These incidents will be reported promptly to the installation law enforcement authority for investigation or referral to CID, OSI, and FBI, as appropriate.

b. CONUS region directors will report incidents of arson, assault, burglary, embezzlement, forgery, homicide, larceny, robbery, shoplifting and other acts of criminal misconduct involving CONUS regions on a military installation. These incidents will be reported promptly to the installation law enforcement authority for investigation or referral to CID, OSI, and FBI, as appropriate. Incidents of such nature that occur off a military installation will be reported to Headquarters, AAFES, ATTN: Safety & Security, PO Box 660202, Dallas, TX 75266-0202.

c. Irregularities involving standards of conduct, other than criminal misconduct, of exchange personnel and contractors, suppliers, their agents and representatives, will be reported without delay to Headquarters, AAFES, ATTN: Loss Prevention Division, P.O. Box 660202, Dallas, TX 75266-0202.

8-4. Criminal investigations in offshore and overseas areas

Criminal investigations in offshore and overseas areas will be conducted per command directives.

8-5. Reports

Incident reports and reports of investigation covering the incidents enumerated in paragraphs 8-3*a*, *b*, and *c* will be furnished Headquarters, AAFES, ATTN: Safety & Security, per AAFES operating procedures.

8-6. Employee responsibility

All AAFES employees are charged with the responsibility to report any incidents or suspicion of incidents of misconduct or irregularities by any persons involving AAFES operations to their immediate supervisor or higher official, if any person in the chain of command is suspected of involvement. Failure to report such incident constitutes grounds for separation for cause or other disciplinary action. Employees are also required to furnish reports and information required by competent authority per AR 60-21/AFR 147-15, paragraph 1-26.

Section III

Administrative Management

8-7. Administrative procedures

Administrative management procedures for correspondence, forms,

operating instructions, publications, recordkeeping, and records disposition pertaining to exchange and theater operations will be published by the Commander, AAFES.

8-8. Communications

a. Messages on official AAFES business may be transmitted without charge over telegraph, radio, and cable lines owned and operated by the Departments of the Army and Air Force.

b. Telephone and telegraph service relating to official AAFES business transmitted by commercial facilities will be at government rates whenever possible.

c. Routine AUTOVON service for the conduct of management functions in CONUS (which constitute official business) is authorized for AAFES Headquarters, AAFES regions centers, and installation exchange activities on a nonreimbursable basis. All exchange elements in overseas areas are authorized AUTOVON service on a nonreimbursable basis. This service will be provided through class 'A(A-2)' capability of the installation administrative telephone system.

d. AUTODIN service is authorized for official business by all AAFES activities worldwide through the common user communications facility or other AUTODIN facilities located on or near the installation.

8-9. Automatic data processing management

a. The Commander, AAFES, will provide for the purchase, lease, and maintenance of all automatic data processing equipment. Automatic data processing equipment will be used to minimize costs and increase the efficiency of AAFES information and management systems worldwide.

b. The Commander, AAFES, is responsible for the control and administration of the AAFES automatic data processing systems program and the evaluation, selection, and acquisition of automatic data processing equipment. All requirements for automatic data processing equipment must be approved by the Commander, AAFES.

Section IV

Public Affairs

8-10. Public affairs policy

a. Public affairs activities will be conducted per all pertinent Army and Air Force regulations in a manner that reflects the best interests of AAFES.

b. Consideration will be given to public affairs implications in appropriate instances affecting AAFES activities.

c. Public affairs will be conducted to help further understanding of AAFES procedures, operations, and services among commanders, customers, AAFES employees, AAFES suppliers, and the general public.

d. A Customer Suggestion Program will offer customers an opportunity to express their views on AAFES facilities, merchandise, and services.

8-11. News media relations

a. AAFES has no connection with any civilian publication. However, in the interest of improving relations with the American business public, cooperation with civilian publications is encouraged per Army and Air Force regulations. Material prepared for civilian publications dealing with AAFES activities will be according to departmental policies. On local matters, no clearance or review is required by Headquarters, AAFES. Advice and assistance concerning editorial techniques in preparing articles, news matter, or photographs for these publications may be sought from the installation's public affairs office. On questions concerning propriety or appropriateness of topics to be covered, the Commander, AAFES, may be consulted.

b. Installation newspapers, both official and commercial enterprises, may be used for publicizing employee activities, awards, and

participation in various aspects of installation life. Release of information tailored for installation newspapers is encouraged.

8-12. American Forces Radio and Television Service

Maximum use, per all pertinent Army and Air Force regulations, will be made of the American Forces Radio and Television Service to inform exchange patrons overseas of exchange events, promotions, sales, new services, and changes in operating hours.

8-13. Advertising

a. AAFES activities must communicate their presence and the availability of the goods and services they offer to as many potential patrons as they can. However, such communication must be restricted, as far as possible, to authorized patrons. It must not show unfavorably on the activities of DOD components, the Department of Defense, or the Federal Government. It is joint departmental policy to authorize such communication by prudent advertising in selected media.

b. AAFES may not initiate, sponsor, pay, or request payment for advertising of particular goods or services except as provided below:

(1) AAFES may purchase advertising in civilian enterprise publications or Armed Forces newspapers produced primarily for distribution on a military reservation or to authorized AAFES patrons. Information pertaining to sales of goods and services, including brand names and item prices, may be included in such paid advertising, provided distribution is limited primarily to the military reservation or to authorized patrons. Entertainment advertising may specify names of films and admission prices.

(2) AAFES may produce or prepare material for local dissemination directly to authorized patrons. Voluntarily initiated materials, prepared by suppliers and other non-DOD sources that are primarily advertising devices and have no beneficial value to authorized patrons or to the effectiveness of AAFES, are not authorized for distribution through official channels. When such materials are placed in locations on military installations for personal pickup, they must contain a disclaimer to the effect that they do not express or imply endorsement by AAFES, the DOD Components, or the Federal Government, and that they are neither paid for nor sponsored by them. A disclaimer is not required for items provided as premiums, as defined in the glossary.

(3) AAFES may purchase, prepare, or produce premiums for distribution to authorized patrons. AAFES may also accept promotional premiums whose minimal intrinsic value is less than \$10.00 retail, voluntarily initiated and prepared by suppliers, except tobacco and alcohol, for use by or distribution to authorized patrons. AAFES may not solicit funds from suppliers or other non-DOD sources to offset costs of premiums, nor may they request such suppliers or sources to prepare or provide special premiums at their expense.

(4) AAFES may use point of sale displays and promotional material, such as reduced price and special offer coupons, and may participate in national and local coupon redemption programs available to the general public or to the military community.

(5) AAFES may contribute articles and stories for publication as unpaid information items in installation newspapers, Plan of the Day, or other media that may or may not be intended primarily for distribution on a military installation to publicize recreational events and other activities and programs of general interest to authorized patrons.

(6) AAFES may neither sell space for commercial advertising in any material produced for or prepared by AAFES, nor may AAFES accept any funds to offset the cost of advertising, when such sale or allowance is conditioned upon the exclusion of any other product, service, or advertisement.

(7) Advertising purchased by suppliers or other non-DOD sources in material not prepared nor produced by AAFES that relates to AAFES must include a disclaimer similar to that described in (2) above.

c. The use of AAFES funds is authorized for the purchase of paid

advertising in newspapers and periodicals for the purpose of personnel recruitment, developing sources of supply, and for the sale of surplus assets commercially.

8-14. Vendor relations

A vendor information program will be conducted by Headquarters, AAFES, to enhance relations between AAFES and suppliers.

8-15. Community relations

AAFES military and civilian personnel are encouraged to participate in local community activities and to demonstrate their willingness to accept civic responsibilities in the communities in which they live. Such participation will be in accordance with pertinent Army and Air Force regulations.

8-16. Association memberships

a. AAFES-paid individual memberships will be limited to local civic, service, or business associations of sufficient prestige to make exchange participation desirable from a community relations viewpoint, pursuant to procedures published by the Commander, AAFES.

b. AAFES-paid individual memberships in professional and trade associations and AAFES memberships as an entity in national associations may be authorized by the Commander, AAFES, under such criteria and standards as he or she may prescribe. Such memberships will not be authorized at exchange level.

c. AAFES-paid memberships in athletic, fraternal, political, social, or religious organizations are not authorized.

Appendix A References

Section I Required Publications

AFM 50-29

Education and Training of Foreign Military Personnel. (Cited in para 2-9).

AR 27-20

Claims. (Cited in para 7-18.)

AR 27-40

Litigation. (Cited in para 8-2.)

AR 215-1

The Administration of Army Morale, Welfare and Recreation Activities and Instrumentalities. (Cited in para 7-6.)

AR 37-1

Army Accounting and Fund Control.(Cited in para 3-46.)

AR 60-10/AFR 147-7

AAFES General Policies.(Cited in paras 1-1, 2-3, 3-20, 3-34, and 3-39.)

AR 60-21/AFR 147-15

AAFES Personnel Policies.(Cited in paras 5-11 and 8-6.)

AR 60-31/AFR 147-26

AAFES Equipment and Facilities. (Cited in para 1-5.)

Section II Related Publications

AFM 145-1

Air Force Commissary Program

AFM 177-111

Accounting and Reporting of Government Property Lost, Damaged, or Destroyed.

AFR 11-31

Board of Officers.

AFR 12-30

Disclosure of Air Force Records to the Public.

AFR 30-20

Issue and Control of Identification Cards.

AFR 110-24

Litigation, Tax Disputes, Administrative Proceedings, and Legal Process.

AFR 112-1

Claims Regulation.

AFR 161-34

Barber and Beauty Shops

AFR 163-8

Control of Foodborne Diseases

AFR 215-7

The Control, Procurement, Sale, and Use of Alcoholic Beverages.

AR 1-75/AFR 400-45

Administrative and Logistical Support of Overseas Security Assistance Organizations.

AR 12-15/AFR 50-29

Joint Security Assistance Training Regulation.

AR 15-6

Procedures for Investigating Officers and Boards of Officers.

AR 25-55

The Department of the Army Freedom of Information Act Program.

AR 30-19

Army Commissary Store Operating Policies

AR 40-5

Preventive Medicine

AR 215-2

The Management and Operation of Army Morale, Welfare and Recreation Programs and Nonappropriated Fund Instrumentalities.

AR 215-5

Nonappropriated Funds Accounting Policy and Reporting Procedures.

AR 640-3

Identification Cards, Tags and Badges.

AR 735-5

Policies and Procedures for Property Accountability.

AR 700-84/AFR 67-1

Issue and Sale of Personal Clothing/Air Force Supply

DODI 4105.67

Nonappropriated Fund Procurement Policy.

DOD 4500.32-R

Military Standard Transportation and Movement Procedures.

DOD 4515.13-R

Air Transportation Eligibility.

DOD 5400.7-R

DOD Freedom of Information Act Program.

Section III Prescribed Forms

DD Form 2574

Armed Forces Exchange Identification and Privilege Card
(Prescribed in para 2-14)

Section IV Referenced Forms

AAFES Form 1100-16

Card Eligibility

AAFES Form 3100-79

Identification Card Control

AFR 446

Air Force Guard/Reserve Family Member Identification Card

CG 2650

Coast Guard Auxiliary Identification Card

DA Form 5431

Army Guard/Reserve Family Member Identification Card

DA Form 7000.12

MWR Financial and Personnel Management Report

DD Form 2

US Armed Forces Identification Card

DD Form 139

Pay Adjustment Authorization

DD Form 1173

Uniformed Services Identification and Privilege Card

DD Form 1173-1

Department of Defense Guard and Reserve Family Member
Identification Card

IRS Form 1096

Annual Summary and Transmittal of U.S. Information Return

IRS Form 1099

Miscellaneous Income

NAVMC Form 11138

Marine Corps Guard/Reserve Family Member Identification Card

NAVPERS Form 5512/7

Navy Guard/Reserve Family Member Identification Card

Appendix B Authorized Exchange Activities and Services

B-1. Attached is a list of authorized exchange activities and services for CONUS.

Alterations and pressing
Amusement machines⁶
Appliance repair and rental
Automatic car wash
Auto parts store
Bakery
Barber shop
Beauty shop
Beer tavern
Bicycle and scooter repair
Blade sharpening
Bronzing service
Bus service³
Cafeteria⁴
Camera repair
Car painting
Car and truck rental
Car wash
Centralized kitchens⁵
Clothes marking kits
Delicatessen
Delivery of bakery products
Delivery of dairy products (other than milk)
Delivery of fruits and vegetables²
Delivery of fuel, oil, and bottled gas
Delivery of milk
Delivery of soft drinks
Delivery of newspapers
Diaper service
Driver training
Electrical appliance repair
Engraving
Filling stations, gasoline
Film developing
Insurance⁹
Food plants
Food catering service
Flower shops (including telegraphic delivery service)
Furniture repair service
Fur storage service
Garages, auto repair
Gift wrapping
Food and beverages (see app C)
Hearing aid service
Hunting/fishing licenses
Jewelry repair
Key making
Laundry/dry cleaning service
Leather repair
Living quarters cleaning service
Locker service
Mail order catalog service⁷
Manicure service
Manufacturing and processing plants⁵
Fresh meat and produce department²
Mini-storage facilities⁸
Money order/traveler's check sales
Monogramming
Name tags/plates

Newsstand
Optical service
Packaged beverage stores
Pay telephone stations
Personal services (includes others enumerated herein)
Personalized stationery
Pet grooming service
Photo processing plant⁵
Photostating
Piano tuning
Pictorial review, photo service
Plastic laminating
Popcorn stand⁴
Portrait studio
Radio and television repair
Reducing/slenderizing salon
Recreational, social, and family support activities
Rental of household and garden appliances
Rental of television receivers and videocassettes and equipment
Restaurants, cafeterias, and snack bars, to include nationally recognized franchised food outlets and membership clubs (i.e., open messes with the concurrence of the Army or Air Force as appropriate)
Retail stores
Rubber stamp making
Rug and upholstery cleaning
Sale of alcoholic beverages by the drink
Sale of Christmas trees and related holiday greenery (wreaths, greenery, roping, mistletoe, etc.)
Sale of encyclopedias
Sale of gift packages, e.g., seasonal fruit
Sale of personalized cards
Service machines¹
Service plants
Service stations
Services-type activities
Sewing centers
Shoe repair pickup and delivery
Shoe repair service
Shoe shine stand
Snack bar, complete⁴
Snack bar, drive-in⁴
Snack bar, mobile⁴
Snack stand⁴
Soft ice cream stand⁴
Subscription service, periodical
Tailor-made or made-to-measure clothing
Taxi service³
Telegraphic service
Telephone calling centers
Theater refreshment stand⁴
Tire recapping service
Tool rental
Towel & linen service
Trailer rental
Upholstery repair
Vehicle safety inspection stations
Vending machines¹
Watch repair service
Wig sales and service
Window cleaning
Motion picture theaters

B-2. The following are notes pertaining to specific activities and services.

1. Service and vending machines will be exchange-controlled except on the premises of military clubs(officer/NCO/enlisted/community, etc.) post or base restaurants, bowling centers, and offpost U.S. Army Reserve Training Centers (AR 215-1). Installation commanders may authorize civilian nonappropriated funds to operate service and vending machines predominately patronized by civilian employees in accordance with AR 230-81/AFR 176-14.

2. Only when approved by the Secretary of the department concerned. (See app D)

3. An exchange is authorized to operate a taxicab or transportation facility only if all passengers are military personnel, military dependents, or civilians employed on the installation.

4. Manual or automated service.

5. May be operated when items prepared or manufactured are produced solely for the purpose of supplying other activities with the needs and requirements for sale to customers or vending activities.

6. AAFES will own and operate, or contract for, amusement machines located in AAFES-operated outlets, and at the discretion of the installation commander in other locations. Displacement of AAFES-controlled amusement machines, or transfer of amusement machines to AAFES control, will be planned and coordinated with local AAFES management for orderly transition, to preclude disruption of service, financial loss, or conflict with expiration terms of contracts.

7. Exchanges within CONUS are prohibited from selling, by special order or catalog, merchandise not included in the list of resale items at appendix C or merchandise costing more than the applicable cost limits. This restriction also applies to concessionaire activities. The purchase of restricted items in the Exchange Mail Order Catalog by CONUS patrons is authorized under certain conditions (see para 2-19 for mail order catalog privilege).

8. Each location is subject to MWR Panel, Readiness Subcommittee, House Armed Services Committee (HASC) review before activation.

9. With the approval of AAFES Board of Directors. See paragraph 2-7h.

Appendix C

Items Authorized for Sale (CONUS)

C-1. Item categories

Items authorized for sale in CONUS exchanges are listed under three separate categories in order to readily identify any governing limitations or restrictions applicable to either the stocking or resale of items. See table C-1 for items subject to cost.

C-2. Exceptions

Only the items listed hereunder may be stocked for resale unless a specific exception has been approved by the Secretary of the Department concerned. (See paras 3-2c and d and app D).

a. Category I. Food and Beverages^{1?? 6 ??}

Snacks
Non-perishable foods
Condiments
Bakery products
Dairy products
Beverages/Juices
Meat, poultry, seafood (prepackaged, chilled or frozen)
Prepared food (chilled or frozen)
Optional items (May be selected to accommodate local needs or add items new to the marketplace. Optional items will not include fresh meat, fresh poultry, fresh seafood, fresh fruit, or produce. See para 3-2d and app D.)

b. Category II. Merchandise Not Subject to Cost (Invoice) Price Limitations

(1) *Tobacco and Accessories* (excluding those made of precious metals)²

Ash trays
Cases, cigarette
Cigarette boxes
Cigarettes
Cigars
Flints and wicks
Fluid, lighter
Holders, cigar or cigarette
Humidors
Lighters
Matches
Moisteners, tobacco
Paper, cigarette
Pipe cleaners
Pipe filters
Pipe racks
Pipes
Pouches, tobacco
Tobacco
Snuff

(2) *Toiletries and Drugs Belts, sanitary*

Bottles, infants', including nipples
Brushes, tooth
Brushes
Containers, soap, tooth brush
Cotton, absorbent
Cream, dental
Combs, pocket
Dental floss
Dentifrices
Deodorants, perspiration

Douche bags
Hair preparations
Jelly, petroleum
Lipstick (excluding those with containers made of precious metals)
Napkins, sanitary
Nets, hair
Pins, hair and bobby
Polish, nail
Pomade, lip
Powder, face and compact
Powder, foot
Powder, talcum
Powder, tooth
Prophylactics
Puffs, powder
Remedies, standards, first aid (items and brands as approved by the Surgeons General)
Remover, nail polish
Rouge, including eye makeup
Shampoo
Shaving accessories and supplies
Skin creams and lotions
Soap
Solution, antiseptic
Tissue, cleansing
Tissue, toilet
Wigs, falls, wiglets, chignons, and other hairpieces

(3) *Stationery and Supplies Books, manuals, and periodicals*

Books, scrap
Calculators, electronic
Cards, greeting, including postal
Cards, playing
Envelopes
Games
Ink
Paper, writing
Pencils, mechanical and lead
Pens, holders and points
Photograph albums, including mounting aids
Photo frames, (excluding those made of precious metals)
Stationery supplies
Training aid supplies
Typewriters, portable

(4) *Clothing and Accessories (Military Type) Bags, shoulder*

Belts
Caps
Cap covers
Cuff links (military)
Garters
Gloves
Insignia
Mufflers
Neckties
Shirts
Shoes
Socks
Cloth and findings (for outer garments of tailor-made uniforms)
Outer garments, in accordance with Department regulations

(5) *Clothing and Accessories (Civilian Type) Belts*

Boots, men's and ladies'
Children's clothing and footwear
Coats, outerwear, men's and ladies' (except fur)
Collar stays
Dress shields
Dresses, ladies' dresses and apparel including maternity clothes
Gloves
Handkerchiefs
Headwear, rain hats and others
Handbags
Helmets
Infant's clothing
Intimate apparel, female:
 Brassieres
 Girdles and garter belts
 Gowns
 Panties
 Slips
Ladies' suits
Men's suits and multipiece sets
Mufflers
Neckties
Overshoes and rubbers
Pants for sports and casual wear
Pajamas
Robes
Sandals, bath
Shirts and blouses, dress and sports
Shoes, men's and ladies; dress and athletic
Shorts and trunks
Skirts
Slippers
Socks
Sports coats
Stockings
Supporters, athletic
Suspenders
Sweat shirts
Sweaters
Swim suits and trunks
Umbrellas
Underwear
Yard goods
Work clothes

(6) *Jewelry; Watches*

(7) *Housewares and Accessories Accessories, kitchen (such as pots, pans, bowls, pitchers, can openers, spatulas, eggbeaters, food choppers, cutlery, and paper products)*

Baby furniture:
 Car seats
 Safety gates
 Bassinets and car beds
 Highchairs, mattresses, and playpens
 Strollers, baby baths, chest of drawers, cribs, baby buggies, walkers
Bags, garment and laundry

Bathroom fixtures and accessories (such as mats, towel bars, glass holders, toothbrush holders, and fixture covers)
Blankets, sheets, and pillow cases
Cleaning and maintenance equipment and supplies, carpet sweepers, ironing boards, kitchen stools, clothes dryers, etc.
Clocks (excluding those made of precious metals)
Dinnerware:
 Up to 6-piece setting
 Serving accessories
Electrical appliances:
 Floor polishers
 Food processors, fans, and coffeemakers
 Humidifiers, dehumidifiers, and air purifiers
 Major appliances
 Microwave ovens
 Rotisseries, roasters, and broilers
 Vacuum cleaners
Electrical supplies (such as bulbs, plugs, outlets, and wire)
Flatware and flatware sets, including chest
Furniture, ready-to-assemble, including bunkbeds and headboards
Glasses, drinking
Hangers, clothing
Lamps, all types
Linens, table
Mattresses/box springs (CONUS)
Plants and shrubs
Sewing accessories
Sewing machines, including cabinets and accessories
Tape recorders, including sound tape tracks and video recorders
Tapes, phono records and supplies
Window curtains, shades, and venetian blinds

(8) *Miscellaneous Bags, sleeping, including mattress*

Belts, money
Brushes, shoe
Button boards
Cloth, metal polishing
Cloth, shoe
Cosmetic sets
Collectibles: Coins, medallions, and commemorative items, to include stamps that are issued, sold, or authorized to be sold by the United States Government
Dresser sets
Flashlights, bulbs and batteries
Hampers
Key containers
Kits, toilet
Knives, pocket or sporting
Laces, shoe
Locks
Luggage, footlockers, duffelbags, and other carrying bags
Manicure implements
Mirrors
Nail files
Needles and thread
Perfume and toilet water
Pet food and supplies (See para C-3.)
Polish, shoe
Religious goods (laymen only)
Scissors
Shoe cleaning supplies
Shoe trees
Soap, laundry

Soap, saddle
 Solar collectors (self-installed types)
 Stopper, ear
 Storm windows and insulation materials (do-it-yourself types)
 Sunglasses, utility type
 Towels
 Toys
 Trunks
 Wallets
 Washcloths
 Woodburning stoves and accessories

stocking of items with minor ornamentation made of gold, silver, and other metals of similar or greater value.

Note. 3. The term “guns” does not include the following firearms: fully automatic firearms; shotguns with a barrel less than 18 inches in length; rifles of a calibre greater than .22 with a barrel less than 18 inches in length; and rifles of a calibre .22 or smaller with a barrel less than 16 inches in length. Pistols and revolvers, however, are included in the term “gun.”

Note. 4. The Federal excise tax levied against manufacturers will be included as part of the cost (invoice) price limitations.

c. Category III. Merchandise Subject to Cost (Invoice). See table C-1 below.

(9) Sports and Recreational Equipment and Supplies Aquatic equipment

Bicycles
 Cameras and projectors
 Camera and projector accessories
 Fishing equipment
 Golf club sets
 Guns and accessories³
 Physical fitness exercise equipment (U.S. manufactured or produced)
 Power tools and outdoor power equipment, including lawnmowers, edgers, and snow blowers
 Surfboards
 Tents

(10) Automotive Gasoline and oil

Supplies and accessories and special order for do-it-yourself customers
 Batteries
 Tires

C-3. Items of a medical nature

Items and preparations of a medical nature may be offered for sale provided the following occurs:

a. That the sale of items or preparations are not restricted by Federal, State, or local law pertaining to prescriptions or to establishments operated by, or under the supervision of registered pharmacists.

b. That sale of all those items or preparations has not been prohibited by the Food and Drug Administration in interstate commerce or by the several states in intrastate commerce.

c. That all Federal, State, and local laws regarding the sale of the items or preparations have been complied with.

d. That no sale is made of preparations classified as “controlled substances.”

e. That no sale is made of preparations or prescription devices that bear the label, “Caution—Federal law restricts this device to sale by or on the order of a physician or veterinarian.”

f. That no sale is made of preparations that bear the label, “Warning—may be habit forming.”

g. That no sale is made of medical preparations defined as “highly toxic” in the Federal Hazardous Substances and Labeling Act, that thereby would be labeled “poison” by the manufacturers.

Note. 1. Limited by number of items and container size that would provide a basic level of service customarily provided in commercial convenience food stores.

Note. 2. Where specified, the term “excluding precious metals” excludes the stocking of items of gold, silver, and other metals of similar or greater value and platings and fillings of those metals. The term does not exclude the

Table C-1
Price Limitations

Item	Base Price 1967	Current Cost Limit
Jewelry	(¹)	(¹)
Jewelry, Diamond Settings; individual stones not to exceed 1 carat	(¹)	(¹)
Housewares and Accessories		
Casual home furnishings:	\$ 44.56	\$ ²
Area rugs (less than 9' x12')		
Folding tables and chairs		
Decorative housewares and accessories	\$ 44.56	\$ ²
Personal and home computers:		
Central processing unit, internal storage and keyboard	\$ 3,000.00 ³	\$ ²
External storage devices	\$ 800.00 ³	\$ ²
Monitor	\$ 812.00 ³	\$ ²
Other peripherals	\$ 2,000.00 ³	\$ ²
Home and automotive phono-stereo units:		
Complete electronic systems — Imported	\$ 312.50	\$ ²
Complete electronic system — Manufactured by U.S. sources	\$ 468.75	\$ ²
Components	\$ 250.00	\$ ²
Radios, table and portable, including automotive types	\$ 70.86	\$ ²
TV sets, Table Models only (no larger than 27 inches, manufactured or assembled in the United States) ⁴		
Other electrical appliances	\$ 20.19	\$ ²
Sports and Recreational Equipment and Supplies		
Ski equipment	\$ 108.70	\$ ²
All other items of sports: recreational, garden, and manual arts equipment and supplies, photographic supplies and film	\$ 66.67	\$ ²

Notes:

¹ 1. Cost price limit on jewelry without diamonds is pegged to two times the Handy & Harmam base price of gold quoted on the first day of each month. Base price is no longer a factor.

² 2. The dollar amounts shown are the 1967 cost base price limitations established by DODD 1330.9. Cost (invoice)price limitations are adjusted in relation to the Department of Labor Producer Price Index for Industrial Commodities,(1967=100), whenever a 5 percent change in the index has been existent for a period of 6 months (See para C-3). Price limitation changes published by the Deputy Assistant Secretary of Defense (Personnel, Support, Families & Education) are distributed by the Commander, AAFES, to all exchanges. Due to frequency of changes, it is not practical to continuously update this regulation; consequently major and installation commanders requiring the latest price limitations may obtain them from their local general manager.

³ 3. Base price was set by the HASC in 1988.

⁴ 4. The "made or assembled in the U.S." restriction applies except for 9' and 13' TVs made or assembled in Mexico.

Appendix D

General Criteria for the Submission and Evaluation of Requests at CONUS Installations for Exceptions to the Armed Services Exchange Regulations (ASER)

D-1. Request for approval

Installation commanders may request, (through command channels) approval for exceptions to the Armed Services Exchange Regulations for CONUS exchanges. Such exceptions are approved by the appropriate Department Secretary and may be for the following:

- a. Stockage of items in addition to those authorized in appendix C.
- b. Establishment of an exchange fresh meat and produce department when no commissary store is available on the installation.
- c. Exchange privileges for civilian employees residing on the installation not otherwise entitled to privileges according to chapter 2.

D-2. Evaluation criteria

Requests for exceptions listed in paragraph D-1 will be approved only under the most stringent circumstances.

- a. Requests for exceptions to appendix C will be submitted and evaluated primarily on the basis of the geographical isolation of the installation concerned. Such requests will be strictly limited to those items necessary to ensure a reasonable standard of living to active duty military personnel and their families assigned to the isolated location.
- b. Requests for exchange privilege exceptions will be submitted and evaluated solely on the basis of their necessity for alleviating conditions of personal hardship.

D-3. Requests for items not on the authorized resale list

Requests will be based primarily on geographical location. Factors to be considered in determining isolation are clientele served, availability and adequacy of commercial shopping facilities, and the ease or difficulty involved in visiting commercial shopping facilities.

a. Clientele.

(1) Provide the number of single and married military members (and their dependents) residing on the installation by officer, private through sergeant and staff sergeant through sergeant major. Also provide the number of military sponsors (and their dependents) in each of these categories who reside in Government procured/controlled leased or rental housing in off-post communities. Indicate the names of these communities, their populations according to the latest census, and distance to the installation.

(2) Provide the number of civilians, including sponsored dependents, required to reside on the installation and entitled to exchange privileges. Also provide the number of civilians, including sponsored dependents, voluntarily residing on the installation and granted exchange privileges by the Secretary of the military department concerned.

(3) Provide an estimate of the total number of eligible exchange patrons routinely serviced by the installation exchange.

(4) Provide an estimate of total number of retirees and their dependents included in (3) above.

b. Availability and adequacy of commercial shopping facilities.

(1) Requests for exceptions must realistically show the need for the sale of such items by the exchange versus the availability and adequacy of commercial facilities to satisfy requirements.

(a) Requests for exceptions to the list of authorized items will be fully supportable if there are no commercial facilities that offer the item within a 25-mile radius of the installation (measured to the nearest mile from the center of the primary installation housing area).

(b) When an exception is considered necessary for a particular item despite its commercial availability within a 25-mile radius, the request must fully document a lack of capability of commercial facilities to provide adequately for the item's availability. The adequacy of commercial shopping facilities will be evaluated on the

basis of the stock assortment of items under consideration (to include consideration of selection, style, sizes, quality), service capability, and hours of operation. Additionally, the presence or absence of national retail chain outlets or stores comparable to modern department and discount stores usually found in metropolitan areas should be documented. Commercial shopping facilities to be considered include catalog stores as they are acceptable retail outlets.

(2) The following data must be submitted:

(a) Name, location, and distance in miles within a 25-mile radius to the nearest other Department of Defense installation with an exchange outlet, if any, which has been granted an exception to sell any item under consideration.

(b) Name and distance in miles from the installation to the nearest major metropolitan area. Include the population of the metropolitan area according to the latest census.

(c) Name(s) and distance(s) from the installation to any community(ies) within a 25-mile radius of the installation. Indicate the population(s) according to the latest census.

(d) For each item for which exception is desired, provide by name, a listing of all commercial retail outlets within a 25-mile radius of the installation that sell each item. Provide the distance from the installation to each of these retail outlets. Include any retail outlet that sells items of the generic type for which exception is requested regardless of whether brand names or models would be identical to those which would be stocked or sold by the exchange.

(e) Provide a narrative explanation (including case histories, if applicable) describing the degree of difficulty experienced by active duty military personnel assigned to the installation due to the failure of commercial retail outlets to supply needed items or by reason of inadequate service or warranty. If applicable, explain how each of these factors would be alleviated by the exchange sale of exception items.

(f) Explain if any items are provided by the Government in on-base housing.

c. *Item prices.* The retail price advantages, if any, between those prevailing in commercial outlets within a 25-mile radius of the installation and those that would prevail in the exchange if an exception were granted, will not be considered as a basis for an exception. However, it is not intended that military personnel be required to pay excessive prices beyond those found in a competitive market environment. When prevailing prices for exception items at facilities within a 25-mile radius of the installation appreciably exceed those found in the nearest metropolitan area, this fact must be substantiated by a commercial price survey. No survey will be submitted unless an appreciable price differential exists. When a survey is deemed necessary, it will be conducted by requesting commercial establishments, in writing, to provide current selling prices for each item to be requested as an exception. Surveys will reflect the following:

(1) Locally prevailing retail (sale) prices with delivery charges, if any, shown separately, compared to prevailing retail prices in the nearest major metropolitan area with delivery charges, if any, shown separately. "Sale," "Special," or "Loss Leader" prices will not be considered.

(2) Comparison of prices in independent retail outlets as well as prices in national retail chain outlets which may offer the item commercially under their own name or items sold under nationally recognized brand names.

(3) Information concerning periodic repetitive price fluctuations caused by tourism or other factors.

(4) Separately describe efforts, if any, taken by the command to influence local retailers to align prices for military personnel with those found in the nearest major metropolitan area.

d. Accessibility of commercial facilities.

(1) Describe the type and conditions of roads from the installation to commercial facilities that offer the items under consideration.

(2) Describe the availability of public and/or military transportation for use by military personnel in visiting commercial facilities that offer items under consideration, to include travel time and cost.

(3) Provide the number of assigned military personnel who possess privately-owned vehicles (POVs).

(4) Provide the number of assigned military personnel who do not possess a POV, broken out by private through sergeant and staff sergeant through sergeant major; and officers. Indicate how many of these reside off the installation.

(5) Provide the travel time by POV from the installation to commercial facilities that offer items under consideration.

(6) Describe climatic conditions affecting POV/public/military transportation to commercial facilities; include the frequency and period of time for which travel is adversely affected.

(7) Describe any other factors that impact adversely on the accessibility of commercial facilities by assigned military personnel and their dependents.

D-4. Requests for an exchange fresh meat and produce department

a. When a commissary store is not available on the installation, the installation commander may request authorization for the exchange to operate a fresh meat and produce department. Requests must clearly document that such food items are not available from commercial sources located within a reasonable distance, at a reasonable price, and in satisfactory quality and quantity; requests will be substantiated by a survey of commercial facilities and price comparisons. (See AR 30-19 or AFM 145-1.) When an existing commissary has been disestablished, the last survey that served to justify the continuance of that installation's commissary will be submitted to support the request.

b. Requests will include the written opinion of the AAFES Region Director as to the feasibility of the local exchange to install and operate the proposed fresh meat and produce department.

c. When fresh meat and produce departments are authorized, the exchange may sell fresh meat, fresh poultry, fresh seafood, and fresh fruits and vegetables. At such locations, the exchanges may expand the grocery selection from the basic "convenience" level cited in appendix C, to a level that meets customer grocery service requirements, such as, without limitation in number of brand items or container size.

D-5. Requests for limited exchange privileges for civilian employees residing on military installations within CONUS, Alaska, Hawaii, and Puerto Rico

a. As limited exchange privileges are now extended to civilian employees, and their family members, who are required to reside on the military installation for the needs of the Services, care must be exercised to ensure that differentiation is made between these individuals and those who voluntarily reside on the installation due to the availability of excess Government housing.

b. Exceptions sought for any civilian employees residing on an installation for reasons other than the needs of the Services will be supported by the following:

(1) A by-name listing of civilian employees (including bona fide family members of employee's household) residing on the installation, for whom exchange privileges are being requested.

(2) The personal hardships, if any, being experienced by the employee are to be described in detail.

(3) The reasons why use of commercial retail facilities cannot be made will be explained.

D-6. Submission of requests

a. Submission of requests for exceptions to the ASER Commanders at all levels must ensure that requests are fully responsive to the requirements prescribed herein, and personally reviewed and signed by the installation commander.

b. The submission should include the opinion of the local AAFES representative as to the economic feasibility of stocking the item(s) of exception being requested. MACOM or MAJCOM recipients are urged to conduct a judicious review of their respective installation's requests and provide an appropriate and meaningful indorsement. Requests will be forwarded to—

(1) For Army: CFSC-PNP, ALEX VA 22331-0507.

(2) For Air Force: HQDAF (AFMWRSA/MWH), RANDOLPH AFB, TX 78150-7000.

(Letterhead)

(Date)

SUBJECT: Authorization to Make Exchange Purchases

TO: General Manager, XYZ Exchange

1. (NAME TYPED), whose status is described below, is entitled to the exchange privileges indicated during the period (date) to (date).

2. STATUS: **EXAMPLES**(Include only one category)

a. Dependent (spouse, child) of (name, rank, and SSN), a member of a Reserve Component on active duty for training for less than 30 days.

b. Agent of (Name typed), an eligible minor child.

c. Agent of (Name typed), an eligible handicapped patron.

d. Civilian employee of DOD on TDY: contract technical service employee on TDY; Army, Air Force, or Naval Academy applicant occupying Government quarters.

e. (Army) (Air Force) ROTC student within three months of graduation.

f. Civilian student or faculty member of (name military service school).

3. PRIVILEGES: (Include only one category)

a. Unlimited

b. Limited: All items except State tax-free tobacco products, State tax-free beer and State tax-free beverages for off-premises consumption, and articles of the uniform.

c. Special:**EXAMPLES**(Include only one category)

(1) Articles of the uniform and uniform accessories.

(2) Purchase of books, supplies, and materials related to the military service school educational process and environment. Items may be purchased only from (name of exchange).

4. (SIGNATURE OF BEARER)

(ISSUING AUTHORITY)

(DATE OF ISSUE)

Figure E-1. Purchases authorization

(Letterhead)

(Date)

SUBJECT: Authorization to Accompany Patron

TO: General Manager, XYZ Exchange

1. (Name of patron), the bearer of Uniformed Services Identification and (Privilege Card No.) is authorized to be accompanied by a person of his or her choice while shopping in a military exchange.

2. (SIGNATURE OF BEARER)

(ISSUING AUTHORITY)

Figure E-2. Patron authorization

Appendix F

AAFES Offices and Facilities

Table F-1
AAFES activities

Office/Activity	States/Areas Served
Headquarters Army and Air Force Exchange Service PO Box 660202 Dallas, TX 75266-0202	Worldwide
AAFES Distribution PO Box 660320 Dallas, TX 75266-0320	Worldwide
Pacific Coastal Region PO Box 660320 Dallas, TX 75266-0320	CA, HI, NV
Desert Mountain Region PO Box 660320 Dallas, TX 75266-0320	AZ, CO, NM, UT, WY
Pacific Northwest Region PO Box 660320 Dallas, TX 75266-0320	AK, ID, MT, OR, WA
Central Plains Region PO Box 660320 Dallas, TX 75266-0320	KS, MO, ND, NE, OK, SD
Red River Region PO Box 660320 Dallas, TX 75266-0320	AR, LA, TX
Mid South Region PO Box 660320 Dallas, TX 75266-0320	AL, GA, KY, MS, TN
South Atlantic Region PO Box 660320 Dallas, TX 75266-0320	FL, NC, SC, Azores Panama, PR
North Eastern Region PO Box 660320 Dallas, TX 75266-0320	IA, IL, IN, MA, ME, MN, MI, NH, NY, OH, PA, RI, VT, WI
Atlantic Coast PO Box 660320 Dallas, TX 75266-0320	CT, DE, MD, NJ, VA, WV, Washington DC, Greenland
Army and Air Force Exchange Service—Europe APO AE 09245	Europe & Middle East
Army and Air Force Exchange Service—Pacific 919 Ala Moana Honolulu, HI 96814	Pacific

Appendix G

Issue and Control Procedures for Armed Forces Identification and Privileges (DD Form 2574)

G-1. Card issuance

Installation commanders in the CONUS, Alaska, and Hawaii will assist the AAFES in the issuance of DD Form 2574.

G-2. Card initiation

As the issuing official, the installation general manager will initiate the card by entering the applicable individual employee information on the card. AAFES Form 1100-16, which certifies the employee's card eligibility, will also be prepared and arrangements made for the employee to appear at the installation identification card office. The installation identification card office will be responsible for photographing the employee, authenticating the employee's signature, and laminating the card. The issuing official will submit a letter or list of those personnel authorized to sign the DD Form 2574 to the local military ID card issuing facility.

G-3. Lost or stolen cards

On withdrawal of the DD Form 2574 by the installation general manager, or in the event of lost/stolen cards and nonreturned cards from terminated employees, the installation identification card office will be formally notified without delay. Additionally, the following procedures will be established:

- a.* Control and issue the DD Form 2574 in numerical order.
- b.* Keep all unissued cards in a locked file or safe.
- c.* Log all cards on the Identification Card Control, AAFES Form 3100-79.
- d.* Enter the numbers of any unused forms and annotate the numbers of forms issued to satellite exchanges after indicating where they were issued.
- e.* All voided forms will be maintained on file until destruction and the word "VOID" will be reflected on the control log.
- f.* Report lost/missing cards, and those that have been recovered immediately to the issuing activity and military/security police.
- g.* ID cards are the property of DOD and are not transferable. Cards must be returned to the issuing authority if:
 - (1) Expired.
 - (2) Replaced by another card.
 - (3) Cancelled by proper authorities.
 - (4) Employee's service is terminated.
 - (5) Entitlements change.
 - (6) An annual inventory will be conducted by a person other than an issuing official.

Appendix H
Memorandum of Agreement for the Operation of
Exchange Facility at State-Owned Installations

Memorandum of Agreement

This Memorandum of Agreement is entered into by (Adjutant General) of the State of (Maine) and the Army and Air Force Exchange Service (AAFES), an instrumentality of the U.S. Government, for the operation of an exchange facility at (Garrison X).

I. AAFES has determined that the operation of an exchange activity at (Garrison X) is economically feasible, and the State has determined that the establishment of the exchange facility will not create unfair competition with local commercial interests.

II. The State agrees to provide a suitable (as determined by AAFES Engineering representatives) facility for the operation of an exchange, to include retail, storage, and administrative space. The State agrees to finance any capital investment necessary to renovate or convert such facility into a suitable exchange activity.

III. AAFES agrees to operate the facility for the sale of authorized goods and services according to the applicable military departmental regulations. The State agrees to exercise patronage control for the exchange facility and to designate an active duty officer to serve as the "Installation Commander" for discharging the responsibilities prescribed by the military departments.

IV. The State agrees to provide all utilities necessary to the operation of the exchange. In CONUS, AAFES agrees to reimburse the State for utility services at State costs, excluding capital costs.

V. The State agrees to provide custodial support; maintenance and repair of the building with State funds, except for repairs to equipment and interior finishes of the exchange facility for which AAFES will be responsible; and appropriate fire protection and security for funds and property. AAFES will be reimbursed by the State for loss or damage to merchandise or equipment, which would otherwise be the responsibility of appropriated funds.

VI. AAFES will be authorized to install all necessary equipment and furnishings for the operation of an exchange, and title to all items purchased with AAFES funds, except installed property that becomes a part of the building, will remain with AAFES. AAFES agrees to perform no structural additions or alterations without the written approval of the designated Installation Commander.

VII. The establishment of this exchange will be evaluated biennially, as required by AR 60-20/AFR 147-14. This will ensure that it meets the minimum criteria for continued operations.

VIII. This agreement may be terminated upon the disestablishment of the military activity, upon failure of revalidation, or upon 90-days' written notice by either party.

IX. This agreement will be signed by the designated representative of the State. It will become effective on the date signed by the Commander, AAFES, or his or her designee.

AAFES: (STATE)

(NAME) (DATE) (NAME) (DATE)

(TITLE) (TITLE)

Figure H-1. Memorandum of agreement

Glossary

Section I Abbreviations

AAFBD

Army and Air Force Exchange Service Board of Directors

AAFES

Army and Air Force Exchange Service

AFMWRSA/MWH

Headquarters, Air Force Morale, Welfare, and Recreation Agency/Directorate of Field Programs

AIFA

AAFES Imprest Fund Activity

ASD(FM&P)

Assistant Secretary of Defense (Force Management and Personnel)

ASER

Armed Services Exchange Regulations

CID

Criminal Investigation Division (Army)

CONUS

Continental United States

DA

Department of the Army

DAF

Department of the Air Force

DOD

Department of Defense

DODD

Department of Defense Directive

DODI

Department of Defense Instruction

FBI

Federal Bureau of Investigation

FOIA

Freedom of Information Act

HQDA

Headquarters, Department of the Army

HQDAF

Headquarters, Department of the Air Force

IDA

Initial Denial Authority

LA

Letter of Authorization

LOI

Letter of Instruction

MAC

Military Airlift Command

MACOM

Major Army Command

MAJCOM

Major Air Force Command

MCSS

Military Clothing Sales Store

MWR

Morale, Welfare and Recreation

NAFI

Nonappropriated Fund Instrumentality

OES

Overseas Exchange System

OSI

Office of Special Investigations and Security (Air Force)

ROTC

Reserve Officers' Training Corps

UCMJ

Uniform Code of Military Justice

USO

United Services Organization

Section II Terms

AAFES Imprest Fund Activity (AIFA)

An activity that furnishes exchange support to a small military unit where it is impractical to establish a regular exchange outlet.

Activity

A general term referring to the functional nature of specific exchange operations such as retail, food, services, vending, concessions, and overhead.

Advertising

Providing conspicuous notice or information to the public through private and public media.

Amusement Machine

Electronic machine that accepts coins to play and provides entertainment or pleasurable diversions other than coins.

Annex

A facility reporting directly to a branch and which, for accounting, management and operational, and administrative control, is considered to be a component of that branch.

Booking

The function of procuring and arranging film programs for Army and Air Force theater.

Branch

An activity for which separate asset and financial accountability exists.

Circulars

Advertising material in the form of a circular,

handbill, or herald for distribution on the installation.

Contract surgeon

A person employed under limited-term contract by The Surgeon General to provide for essential medical care when it is not practical or feasible to use services of a medical officer or of a graded Civil Service physician.

Contracting officer

A person authorized to execute and administer contracts on behalf of AAFES, within the limits imposed in his or her designation, and to make determination and findings with respect thereto.

Contracting officer's representative

A person authorized to represent a contracting officer in the negotiation or administration of contracts, but not empowered to execute, modify, or agree to any contract.

Contracts

Contracts include rental, agency, vending machine, concession, services contracts, purchase orders, and other contractual arrangements prescribed by the Commander, AAFES, for the procurement of commodities, services, and facilities. It also includes amendments with respect to any of the foregoing.

a. Agency contract. A contract whereby AAFES performs certain services as an agent for another who is dealing with AAFES customers.

b. Concessionaire contract. A contract between AAFES and another, known as a concessionaire, whereby the concessionaire performs certain authorized exchange activities on a military installation.

c. Vending machine contract (rental basis). A contract whereby a contractor rents to AAFES and services vending machines that vend merchandise owned by AAFES on a military installation.

d. Installment contract. An agreement whereby, in consideration of the purchase of property or equipment, the purchase price is divided into parts payable over a period of time.

e. Service contract. A contract whereby a contractor performs a service for AAFES off a military installation, such as laundry, dry-cleaning, photo processing, and repair service. This type contract may also include procurement of direct services such as janitorial and window cleaning service.

CONUS

The contiguous 48 United States and the District of Columbia, excluding Alaska, Hawaii, and the United States' possessions.

CONUS region

The organizational grouping of exchanges within specified geographical areas and the headquarters that provides them management

supervision, technical assistance, stock control and procurement, safety and security, accounting, personnel, and administrative support.

CONUS Region Director

An AAFES civilian who oversees, manages and supervises all exchange operations and administrative support activities for exchanges in a geographical area as directed by the Commander, AAFES.

Dependent

a. A lawful spouse. (A separated spouse retains exchange privileges until a final divorce decree is issued.)

b. Children under 21. Children who are under 21 years of age and unmarried and who are either legitimate or have been legitimized; adopted children; stepchildren; foster and pre-adoptive children or wards; and who are in fact dependent for over half of their support from the sponsor. In the case of wards, the sponsor must possess a legal decree or other instrument issued by a court of law or placement agency that awarded custody of the child.

c. Children over 21. Children who are 21 years of age or over and unmarried and who are dependent for over half of their support from the sponsor and who are either legitimate or are adopted children, stepchildren, wards, and who are (1) incapable of self-support because of a mental or physical handicap or (2) have not passed their 23rd birthday and are enrolled in a full-time course of study at an institute of higher learning.

d. Parents. Parents, including father, mother, stepparent, parent by adoption, and parents-in-law, who depend upon the sponsor for over half of their support. Included is a surviving dependent parent of a member of the Armed Forces who dies while on extended active duty.

e. Orphans. Surviving, unmarried children, either adopted or natural born, under the age of 21 or over 21 if incapable of self-support, or under 23 and enrolled in a full-time course of study, of a deceased uniformed service member, member of the Reserve Components, or retired person. The surviving children must have been dependents within the definition contained above at the time of death of the parent (sponsor) or parents.

Note. For purposes of Group Insurance and Retirement Annuity Plans and Worker's Compensation the definition of 'dependent' will be as defined in the insurance policies and directives pertinent thereto.

Dishonesty

Some intentional act that is committed with knowledge that injury will result. It does not include acts or omissions in nature of honest mistakes, irregularities, carelessness, or inefficiency.

Distribution Center

A distribution activity located in a building

or buildings where merchandise is received, counted, stored, safeguarded, transshipped and delivered to a designated retail, food, or services facility. A distribution center moves merchandise quickly from the point where it is received to the place where it is sold based on facility polling requests or predetermined allocated quantities. Distribution centers generally support exchanges within a geographical region, but in some cases may support exchanges worldwide (e.g., the Fashion Distribution Center in Dallas).

Exchange (PX/BX)

The organizational grouping of businesses and services that provide the exchange service to Army and Air Force military installations.

Expense supplies

Materials and articles, exclusive of motor vehicles, equipment, and other fixed assets, that are used or consumed in performing administrative or customer services.

Facility

A general term used to designate any separate unit of real property at which exchange selling and administrative or support functions are performed.

Feature

The main film subject or attraction on a program.

Film subject

Any feature subject, short subject, or trailer.

Film unit

An integral part of a program; any film subject.

Fixed assets

Buildings and improvements, motor vehicles, equipment, and other fixed assets owned and capitalized by AAFES.

a. Building and improvements. AAFES investment in renovation and construction of facilities.

b. Equipment. Any item not for resale that normally costs \$1000 or more and has a life expectancy of one year or more, including—

(1) Vehicles used exclusively for sale of food, merchandise, or services. (However, these vehicles will be considered motor vehicles for insurance purposes.)

(2) Equipment designed for use in depots, warehouses, stockrooms, and port operations, such as forklifts, tow motors, tow tractors, and trailer movers.

(3) Equipment designed for earth moving, lawn cutting, and snow removal.

c. Motor vehicles. Passenger, cargo, and special purpose vehicles designed for use on public highways.

d. Other fixed assets. All fixed assets not included in definitions *a*, *b*, and *c* above.

e. Excess fixed assets. Quantity exceeds current requirements at transportation location; therefore, management will actively

seek an alternate location for an installation in support of current programs.

f. Surplus fixed assets. Equipment that AAFES no longer needs and will be disposed of either by selling or writing off.

Fraud

All acts of omission and commission involving a breach of duty resulting in an injury to another. It connotes concealment, falsification, misrepresentation, or the like.

General manager

An AAFES civilian employee who is responsible to a region director for the operational supervision of AAFES activities located on an installation(s) that is part of a region.

Installation

A general term used to designate any military reservation, structure, or other real property under the control of the Department of Defense at which functions of the Armed Forces are conducted, which normally has an officially designated commanding officer.

Landed cost

Vendor invoice plus warehousing and applicable transportation costs.

Media

Any way used to convey an advertising message; it includes newspapers, magazines, trade and professional journals, special printed matter, circulars, flyers, posters, signs, radio, television, and other promotional devices, such as decals, table tents, or activity calendars.

Merchandise

Items of consumer goods purchased and offered for sale to authorized customers through retail, food, service and vending outlets.

Motion picture serving office

A term used to identify the AAFES field element which books films for installation operated theaters, provides film to the theaters, distributes feature film videocassettes, and provides technical supervision and advice to installation commanders on theater operations. A listing of AAFES offices and facilities is at appendix F.

Negligence

a. Negligence. The failure to use requisite care under the circumstances. It is not synonymous with fraud or dishonesty. Negligence and willful misconduct are mutually exclusive terms implying radically different mental states.

b. Gross Negligence. Failure to use even the slightest degree of care; an extreme departure from the actions expected of a reasonable person under such circumstances.

Offshore exchange

An exchange located overseas which is under the control of a CONUS operations.

One-sheet

Poster advertisements (approximately 28 inches by 40 inches) of current or coming attractions for use in poster boards or display frames.

Outlet

A general term used to designate any facility that has customer contact and sells merchandise or services.

Overseas commander

A military officer who commands United States Army or United States Air Force armed forces in the geographic area served by an offshore exchange or an overseas region.

Overseas region

An organizational grouping of exchanges set up overseas for the purpose of providing exchange service throughout a specific geographic area. Overseas regions are: Army and Air Force Exchange Service, Europe (AAFES-EUR), Army and Air Force Exchange Service, Pacific (AAFES-PAC).

Overseas region commander

A military officer appointed to exercise operational control of AAFES activities providing exchange service throughout the area of responsibility of the Army and Air Force component commands. The Commanders, AAFES, Europe and AAFES, Pacific are overseas region commanders.

Performance

One complete presentation of a scheduled program.

Premium

Merchandise offered to advertise an activity, product, service, or event as a bonus or as an inducement to buy. Examples of premiums are ballpoint pens, or plastic rulers, having an intrinsic item value of less than \$5.00 retail.

Print

The entire footage of any film subject, regardless of the number of reels.

Procurement

Purchasing, renting, leasing, or otherwise obtaining merchandise, equipment, supplies, facilities, and services. It also includes all functions that pertain to obtaining the foregoing, including description (but not determination) of requirements, selection, and solicitation of sources, preparation, and award of contracts, and all phases of contract administration.

Program

The scheduled arrangement of film subjects for a given day or days, including one or a combination of the following: feature subject, short subjects, trailers.

Purchasing activity

An organizational element assigned the responsibility for purchasing merchandise, equipment, supplies, facilities, or services.

Reserve Components

The term 'Reserve Components' means the Army National Guard of the United States, the Air National Guard of the United States, the Army Reserve, the Naval Reserve, the Marine Corps Reserve, the Air Force Reserve, the Coast Guard Reserve, and Reserve Officers of the Public Health Service. Members of the Reserve components include all individuals in any category of the foregoing, whether on active or inactive status, to include any retirees who would be eligible for retired pay except for the fact that they have not reached age 60, and including individuals on active duty for training. Excluded are members of the selected reserve who have not been determined to be in good standing by the component Secretary concerned. Reserve component personnel drawing retired pay are considered retired personnel along with active duty retirees.

Retired personnel

The term 'retired personnel' includes the personnel carried on the official retired lists of the Uniformed Services as defined in this glossary; members of the Fleet Reserve and Fleet Marine Corps Reserve; non-Regular personnel of the Army and Air Force retired for physical disability pursuant to the Act of April 3, 1939(Section 5, 53 stat. 557); personnel of the Navy retired pursuant to the Act of 27 August 1940 (Section 4, 54 stat. 864); persons granted retired pay under chapter 67 of Title 10, United States Code; personnel retired pursuant to chapter 61 of Title 10, United States Code; Army and Air Force personnel retired pursuant to Section 3911 or 8911 of Title 10, United States Code; Navy personnel retired pursuant to Section 6323 of Title 10, United States Code; personnel of the Emergency Officers Retired Lists of the Army, Navy, Air Force, Marine Corps who have been retired pursuant to the Act of May 24, 1928 (45 stat. 735; M.L. 1949; secs. 1122 and 307); retired officers and crews of vessels, and lightkeepers and depot keepers of the former Lighthouse Service (33 USC 754a); retired commissioned officers and ship's officers of vessels of the National Oceanic and Atmospheric Administration (NOAA) and its predecessors, the Coast and Geodetic Survey, and the Environmental Science Services Administration (33 USC 857-4, -5). (For the purposes of this section, retired ship's officer and retired crewmember means a noncommissioned ship's officer or crewmember of a vessel of the Coast and Geodetic Survey who either was on active duty as a vessel employee on July 9, 1963, and whose employment as such vessel employee was continuous from that date until the date of his retirement, or who had retired

as a vessel employee on or before July 19, 1963.)

Seasonal Merchandise

Clothing appropriate for a particular season—such as Spring/Summer; Fall/Winter—due to its fabrication, coloration, styling, etc.

Short subject

Any one- or two-reel film subject that is used in addition to the feature.

Showing-show day

The presentation of an AAFES program for 1 day regardless of the number of performances. A 2-day showing is the presentation of a single program for 2 days.

State tax-free items

Soft drinks, alcoholic beverages, and tobacco products which are purchased and resold by AAFES free of state and local excise taxes.

Stock assortment

A listing of items stocked by exchanges on a year-round or regular seasonal basis. The listing identifies exchange stocks by stock number, description, brand, price line, style, size, and color.

Stock structure

A list of merchandise items that are regularly stocked in any branch or outlet of an exchange.

Style Merchandise

The fashion of the moment.

Surviving spouse

The term 'surviving spouse' means a widow or widower who has not remarried, or one who remarried but reverted through divorce or the demise of the spouse to an unmarried status, of one of the following:

a. Members of the Regular Army, Navy, Air Force, Marine Corps, and Coast Guard.

b. Retired personnel of the Army, Navy, Air Force, Marine Corps, and Coast Guard, as defined in this glossary.

c. Non-regular personnel of the Army, Navy, Air Force, and Marine Corps entitled to disability benefits pursuant to 10 USC 3687, 6148, and 8687.

d. Members of the Reserve Components.

e. Personnel of all Reserve Components, retired with pay, pursuant to 10 USC chapters 67, 367, 571, and 867.

f. Personnel of the Emergency Officers' Retired Lists of the Army, Navy, Air Force, and Marine Corps who have been retired pursuant to The Act of May 24, 1928 (45 stat. 735; M.L. 1949; sections 1122 and 307).

g. Active duty and retired officers and crews of vessels, lightkeepers, and depot keepers of the former Lighthouse Service.

h. Veterans separated under honorable conditions who are eligible for compensation

due to a 100-percent service-connected disability.

i. Active duty and retired commissioned officers of the Public Health Service.

j. Active duty and retired commissioned officers and ship's officers of the NOAA and its predecessors, the Coast and Geodetic Survey, and the Environmental Science Services Administration. For the purposes of this section, retired ships' officers include only non-commissioned ships' officers or crewmembers of a vessel of the Coast and Geodetic Survey who either were on active duty as a vessel employee on July 19, 1963, and whose employment as such vessel employee was continuous from that date until the date of retirement, or who had retired as a vessel employee on or before July 19, 1963. Active duty ships' officers include only noncommissioned ships' officers or crewmembers on active duty as a vessel employee of the Coast and Geodetic Survey on July 19, 1963, and whose employment as such vessel employee has been continuous from that time.

k. Recipients of the Medal of Honor.

Tactical field exchange

An exchange activity established for a temporary period to support a military contingency operation or training exercise.

Uniformed personnel

Members of the Army, Navy, Air Force, Marine Corps, and Coast Guard; cadets and midshipmen of the United States Army, Navy, Air Force, and Coast Guard academies; commissioned officers of the NOAA; commissioned officers of the Public Health Service; and members of the reserve components while on extended active duty.

Uniformed Services

The Army, Navy, Air Force, Marine Corps, Coast Guard; commissioned officers of the Public Health Service; and active duty and retired commissioned officers of vessels of the NOAA and its predecessors, the Coast and Geodetic Survey, and the Environmental Science Services Administration.

Unremarried former spouse

An unremarried former spouse of a member or former member who on the date of the final decree of divorce, dissolution, or annulment, had been married to the member or former member for a period of at least 20 years, during which period the member or former member performed at least 20 years of service which is creditable in determining that member's or former member's eligibility for retired or retainer pay or equivalent pay, and the dependents of such former spouse.

U.S. Government employee

In this regulation, government employees are those paid from APF as well as civilians employed under DA, AF and Navy who are paid from NAF and are under control of DOD.

Section III

Special Abbreviations and Terms

There are no entries in this section.

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